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## Southeast Asia Report

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3 December 1985

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BURMA

## LAW ON DEMONITIZATION

BK0891505 Rangoon Domestic Service in Burmese 1345 GMT 7 Nov 85 BK

[Text of the Law on Demonitization of 100-kyat, 50-kyat, and 20-kyat currency notes--dated 7 November 1985]

[Text] The Law on Demonitization of 100-kyat, 50-kyat, and 20-kyat notes--Law No. 14, 1985, of the People's Assembly.

The People's Assembly promulgates the following law:

### Chapter I

#### Title and Definitions

##### Article 1

This law shall be known as the Law on Demonitization of 100-kyat, 50-kyat, and 20-kyat currency notes.

##### Article 2

The following terms contained in this law have the meaning as stated.

A. Organization means state organizations, cooperatives, limited company, organizations and associations permitted under state registration, religious organizations, social organizations, diplomatic missions, and United Nations organizations.

B. Bank means a branch of the Myanma Economic Bank or township bank branch or sub-treasury of a bank.

### Chapter II

#### Demonitization of 100-kyat, 50-kyat, and 20-kyat currency notes

##### Article 3

The 100-kyat, 50-kyat, and 20-kyat currency notes currently in circulation in the country have been demonitized with effect from 1300 on 3 November 1985, 5th day of the waning moon of Thadingyut, year 1347.

#### **Article 4**

Any person holding currency notes mentioned in Article 3 is to deposit the notes, using the prescribed form, at a bank in the township where he resides from Monday 11 November to Tuesday 31 December 1985.

#### **Article 5**

If there is no bank in the township of residence, the deposit is to be made at a bank branch in the nearest township.

#### **Article 6**

Depositing of notes in accordance with Article 4 or Article 5 is to be done in one single deposit only once by one person for each household or organization.

#### **Article 7**

If deposit for a single household or an organization is made more than once, only the minimum amount of deposit is to be recognized. The remaining deposit will be nationalized.

#### **Article 8**

If deposit for a single household or an organization is made by more than one person, only the minimum amount of deposit is to be recognized. The remaining deposit will be nationalized.

#### **Article 9**

If the value of deposit made in accordance with Article 4 or Article 5 is 5,000-kyat, or not more than 5,000-kyat, the deposit will be changed into legal tender.

#### **Article 10**

After changing in accordance with Article 9, 50 percent of the rest of the money deposited will be changed into legal tender.

#### **Article 11**

After changing in accordance with Article 10, the rest of the money deposited will be changed into legal tender if it meets the following criteria:

- A. Submission of sufficient proof that money deposited in accordance with Article 4 or Article 5 is legally acquired;
- B. Completion of payment of tax in accordance with the law for the money deposited under Article 4 or Article 5.

## Chapter III

### Penalties and Fines

#### Article 12

Concerning the money remaining deposited after a person concerned has changed in accordance with Article 10:

A. Although able to submit firm evidence that money deposited under Article 4 or Article 5 has been legally acquired, if due tax has not been paid the amount of tax due will be deducted in the form of a fine from the amount deposited, while the remaining money will be changed into legal tender.

However, if the remaining money is not sufficient to pay for the due tax and prescribed bank charges, an additional amount has to be given.

B. If there is no sufficient proof that the amount deposited under Article 4 or Article 5 is legally acquired, the remaining money will be nationalized.

#### Article 13

Demonitized currency notes found being carried by any person for purposes other than deposit under Article 4 or Article 5 will be nationalized.

#### Article 14

If a person is indicted for dishonestly declaring 100-kyat, 50-kyat, or 20-kyat notes as his own property, the money changed has to be returned. If that person fails to return the money he will be liable to a minimum of six months imprisonment up to a maximum of three years imprisonment. Furthermore, the money changed will have to be submitted as a fine.

#### Article 15

If a person is found to have taken out more than the recognized minimum amount of money deposited under Article 7 or Article 8, the amount withdrawn in excess is to be returned. Persons failing to return the excess amount will be liable to a minimum of one year imprisonment up to a maximum of five years imprisonment. The amount withdrawn in excess is required to be submitted as a fine.

#### Article 16

Effective 1300 3 November 1985, if any person is indicted and found guilty of changing demonitized money belonging to organizations mentioned in Section A of Article 2, the money changed will be nationalized and the person will be liable to a minimum of one year imprisonment up to a maximum of five years imprisonment.

Chapter IV

General

Article 17

In order to carry out the provisions contained in this law, the ministry concerned may:

A. Promulgate the required procedures with the approval of the Council of Ministers;

B. Issue the required orders and directives.

[Signed] San Yu  
Chairman, Council of State  
Socialist Republic of the Union of Burma

/12913  
CSO: 4211/10

INDONESIA

HONG KONG JOURNAL BANNED FOR STORY ON MILITARY

HK301208 Hong Kong AFP in English 1127 GMT 30 Oct 85

[Text] Jakarta, Oct 30 (AFP)-- A recent issue of the Far Eastern Economic Review, which ran a cover story on the Indonesian military, was officially banned from entering the country, subscribers learned here today.

A note issued by the magazine's distributor offered the first official explanation of why the October 24 issue of the Hong Kong-based weekly had not been distributed, saying that "it did not pass censorship" and thanking readers for their patience and understanding.

The banned issue carried the title "Indonesia's Army--Leaner, Fitter. . . Nicer?" and included seven pages on military reform, the army's role in civilian life and business, and a commentary by Indonesian historian Ong Hok Ham entitled "Reforming a Diffuse and Profiteering Martial Elite."

REVIEW staffers in Jakarta said only that they had not been officially informed of the ban.

Observers here speculated that the mention of a book by former REVIEW regional editor, Australian David Jenkins, on Indonesia's military and its relations with Mr Suharto might have been one of the reasons for the ban. They added that the Indonesian military was always a highly sensitive subject.

Both the REVIEW and another Hong Kong-based regional publication, ASIaweek, had editions banned here last year.

The ASIaweek ban occurred when the magazine published a cover story on organized killings of street criminals.

The previous REVIEW ban came in August 1984 when the magazine ran a cover story on Mr Suharto entitled "Indonesian Wayang--Political Shadow Play."

The latest edition of the REVIEW, dated October 31st, which carried no major stories on Indonesia, arrived and was distributed here without problem.

By late last week when the REVIEW failed to arrive scores of photocopies of the banned edition had already been circulated here.

PHILIPPINES

MINDANAO WEEKLY CRITICIZES MRS MARCOS' PAPAL REQUEST

Cotabato THE MINDANAO CROSS in English 12 Oct 85 p 4

[Article "Comments On News" by Patricio P. Diaz, Editor: "Testing The Pope?"]

[Text]

A radio news last Wednesday stated that the First Lady, Mrs. Imelda R. Marcos, had requested the Pope to transfer Cardinal Sin from Manila and in his place assign Cardinal Vidal. This, however, did not appear in the national dailies.

The non-appearance of the news in the national dailies did not, however, prove that the radio station which gave the news made a mistake. The station is known for its credibility.

We are hoping, however, that the news was not true. Otherwise, it would not speak well of the First Lady, especially that she is a Catholic known to be a frequent pilgrim to Rome.

Offhand, if the news is true, it shows the motive of the First Lady in leading a delegation to attend the installation of Cardinal Vidal in Rome earlier this year. In some way, it also places Cat-

dinal Vidal in a not too comfortable situation.

Cardinal Sin has been doing excellently as Prince of the Church in Manila. His only fault is his boldness and frankness in criticizing the Marcos regime and the Marcoses as top Philippine government officials, not necessarily in person.

And, of course, Cardinal Sin rejected Imelda's offer to build a Basilica apparently for the Cardinal. And he thwarted Imelda's plans to host the Pope in the last and only papal visit to the Philippines even if a special house had been built for the Pope.

According to the news, the Pope turned down the request. The news did not say whether it had been couched through the Papal Nuncio. If not, that would have been worse for the First Lady.

If true, this should remind anyone, somebody or nobody, not to test the Pope.

/12851  
CSO: 4200/238

PHILIPPINES

COTABATO PROVINCIAL GOVERNMENT ACTS ON 'WELGA' DEMANDS

Cotabato THE MINDANAO CROSS in English 12 Oct 85 pp 1, 11

[Article: "Cotabato SP Acts On Welga Demands"]

[Text]

The Sangguniang Panlalawigan of Cotabato acted on 15 demands of the Multi-Sectoral Alliance during its regular session last October 1. It was reported late last week by Efren Catedrilla of the Mindanao Media News Service.

The provincial government and the Multi-Sectoral Alliance agreed on the 15 demands during the "Welga ip Bayan" last September 21 and 23. Gov. Nicolas Dequiza and the representatives of the Alliance signed the demands on the 23rd.

Besides the 15 demands, there were ten others under consideration. The signatories agreed that the approved 15 demands would be taken up by the Sangguniang Panlalawigan in its October 1 session while the 10 others were considered under different conditions as noted.

**APPROVED, ACTED**

The actions of the Sangguniang Panlalawigan on the approved demands consisted of resolutions:

1. Demanding from the National Power Corporation and the Cotabato Electric Cooperative to abolish the "forex" and reduce the electric rates to the minimum according to the October 1983 schedule of rates.

2. Requesting government authorities concerned, particularly the municipality of Kilapawan, to award the nursery reservation area to the actual occupants.

3. Requesting the Office of the President to amend the Presidential Proclamation awarding the University of Southern Mindanao a 4,000-hectare reservation by issuing another proclamation awarding to farmer-settlers portions of that reservation they are occupying in Arakan Valley.

4. Asking the Ministry of Natural Resources and government instrumentalities concerned to annul the pasture leases of Roldan, Gana and local landlords and award these to farmer-settlers.

5. Demanding from the National Irrigation Administration not to increase the irrigation rentals and implement a moratorium on the payment of irrigation fees.

6. Creating a fact-finding team headed by the government to look into unsolved killings of local residents allegedly by military men. The demand particularly mentioned the killings of Pastor Ejano, Sofronio Roxas, Fabian Legaspi, Nicomedes and Sotero Estaca, Glicorio Ollas, and Rabuya Family, the Garino Family, Benito Nini, the Bohol massacre.

7. Petitioning the national government to implement a genuine land reform that is: "Land to Tillers"; reduce the price of fertilizers; and, abolish the monopolies in sugar, coconut, and other agricultural products.

8. Requesting the provincial government to stop drug and prostitute trafficking and illegal gambling which are seemingly protected and maintained by military authorities.

9. Constraining and prohibiting the military from declaring "no man's land" any place under their operation and to assist the evictees to return to their places which have been declared "no man's land" with full assurance that they will not be harassed; and, requiring military personnel to be properly identified with name, cloth and military vehicles to be properly identified as such with their corresponding plate numbers.

10. Requesting the Bureau of Land Transportation in Manila to implement the localization of ETC licensing.

11. Requesting municipal treasurers in coordination with the Ministry of Labor and Employment and Workers Federation to check on the implementation of wage increases and on the observance of wage increases and of standard labor laws. The provincial government is likewise requested.

12. Demanding that no participant, spokesman, or who ever had raised in any man-

ner in the march rally of September 21 and the wega ng bayan, be arrested, harassed, threatened, intimidated and/or salvaged - these demands applying, too, to future protest activities.

13. Stopping the extortion and/or illegal collections from drivers and merchants in checkpoints, detachments and by the highway patrols. The governor's recommendation was to abolish all checkpoints in the province.

14. Stopping barangay of local, military and para-military forces from harassing; stopping and threatening church leaders from conducting Bible Services and other Church related activities conducted in the chapels and other places.

15. Urging the police, military and para-military forces to consult the Bishop and/or the Parish Priest about any arrest or custodial interrogation of church lay leaders.

(Editor's Note: The above demands are stated according to the document signed last September 21. They must have been recorded in the Sangguniang Panlalawigan resolutions checked against the MMNS report, all the 15 have been favorably acted upon.)

/12851  
CSO: 4200/238

PHILIPPINES

BAYAN SETS 'DAY OF MARTYRS' 19 OCT 85

Davao City PEOPLE'S DAILY FORUM in English 18 Oct 85 pp 1, 8

[Article by Rong S. Dizon Lary Villagonzalo, Davao Intermedia Guild: "BAYAN Sets 'Day Of Martyrs'" ]

[Text]

The Bagong Alyansang Kabayan (BAYAN) and multi-sectoral groups here will commemorate the first death anniversary of opposition leader Alex L. Orcullo on Saturday, October 19.

Tagged as "Day of Martyrs," the occasion will also feature a tribute to Edgar Jopson, Robertson Ignacio, Romaflo Ta-ojo, Ruth Dueñas, Nanding Torralba, the Escalante massacre victims and all those who died "for the cause of freedom, justice and democracy."

The cause-oriented groups considered them as "fallen heroes."

Orcullo, editor of the defunct Mindaweek (a news magazine) and a nationalist, was gunned down on Oct. 19, 1984 by 10 fatigued-clad armed men at Ti-

gatto, a barangay eight kilometers from the poblacion. The assassins, an armed group allegedly belonging to the People's Liberation Organization led by a certain Kapitan Inggo, flagged down the car of Orcullo while on his way home to Mandug and riddled him with bullets. His wife, "Nenen" and child witnessed the heinous murder.

The assassination of Orcullo triggered an indignation from the masses. It also spawned mass evacuations of residents of Tigatto and Mandug.

The city's BAYAN chapter said a mass will be celebrated at 10 a.m. at the Redemptorist Church at Bajada, this city and a "Parangal" and mini-concert will be held at 2 p.m. at the Ateneo de Davao University.

/12851  
CSO: 4200/238

PHILIPPINES

**MILITARY DENIES USING 'RELIGIOUS FANATICS'**

Cebu City VISAYAN HERALD in English 18 Oct 85 pp 1, 9

[Text] Regional military authorities have denied using the religious fanatical group known as the Tadtad, which is Bohol-based, in its counter-insurgency campaign.

This was bared by RUC Chief Brig. Gen. Renato Ecarma who said that Tadtad groups now in Bohol came from Mindanao but have returned to their home province to settle down.

Ecarma explained that the Tadtad group is anti-NPA and have fought the communist rebels in Mindanao.

However, Ecarma denied that the military is using these religious groups in its anti-insurgency campaign in Bohol.

The General stressed that any action taken by the Tadtad against insurgents is the group's initiative.

He said the Tadtad group has not been authorized to operate against the NPAs nor has there been any move to issue them ID cards or any document asking them to fight the insurgents.

To recall, a fact-finding team which went recently to Bohol, reported that the Tadtad group is active against the insurgents. They fight using long bolos and hack their victims to death.

The Tadtad group, according to the report of the fact finding team, was responsible for the slaying of suspected rebels.

The same fact-finding team bared that a certain captain gave the Tadtads ID cards and the authority to go after the insurgents.

Ecarma denied this, saying that no officer in the military has been authorized by him to recruit the Tadtads.

/13104  
CSO: 5600/4324

PHILIPPINES

COMMUNIST FACTION BELIEVED BEHIND FAMILY MASSACRE

Manila PHILIPPINES DAILY EXPRESS in English 13 Oct 85 pp 1, 8

[Text] A family of nine, including two children, were massacred last Wednesday in a mountainous area in Central Cebu by an armed band believed to be from the Communist-organized "Bagong Hukbo ng Bayan." Troops were sent to the area to track down the killers.

Lt. Col. Jewel Canson, Cebu PC commander, said the task force was made up of elements of the Cebu Metrodiscom, Cebu PC and the Regional Unified Command.

The victims were not identified, but Col. Canson said the victims included six men, two children and their mother.

They were killed in their house in sitio Bayong, upper Pangpang, in Balamban town. The killing panicked residents and caused them to evacuate to Gaas, also in Balamban, where there is a military advance command post.

Canson said six farmers who had refused to cooperate with the NPA have been killed in the same area in the last three weeks. An armed band of 100 is believed to be operating there.

Last week, more than 500 supporters and sympathizers of the CPP-Bagong Hukbo ng Bayan pledged their loyalty to the government.

Canson said a permanent detachment is being assigned to the hinterlands of Balamban.

/13104  
CSO: 5600/4324

PHILIPPINES

ACCOUNTS CONTRADICT ON BARANGAY MASSACRE

Barangay Captain Accused

Cebu City VISAYAN HERALD in English 15 Oct 85 pp 1,4

[Article by Letty Suico: "Victim's Brod Identified B. Capt. As One of Armed Men"]

[Text] Martin Cabrera, 15-year-old brother of one of the victims in Thursday's massacre in Barangay Gaas, Balamban, Cebu, yesterday positively identified Rufino Oberes, bgy. captain of Gaas, as one of the armed men who went up to the house of the farmer-victim shortly before the massacre.

The boy made the identification by pointing out the picture of a man found in the front page of a local daily yesterday, even as he added that the man (referring to Oberes) is also an alleged marijuana planter.

This surfaced during a press conference sponsored by BAYAN which according to BAYAN officials was held in the interest of truth and justice. In the same conference, BAYAN officials Atty Vicente Balbuana and Paul Rodriguez did not deny the fact that they have been in the mountain barangays of Balamban upon invitations of some farmers and during the inductions of these farmer's officers.

Also present during the press conference was the boy's father, Hermogenes Cabrera, whose 18-year-old son Vicente was among the victims in the massacre. The 55-year-old father explained that his son Vicente was in the resident of Mauricio Anugot to assist in the harvest of corn and stayed in the same house that particular night. With Vicente was his younger brother Martin.

Martin recounted that at about past midnight a group of armed men arrived in the residence of Mauricio Anugot in bgy. Gaas. According to him, except for his brother Vicente, Mauricio and the latter's 18-year-old son Willy, all other members of the household were already asleep. He alleged that there were about six armed men who went up to the house but that he saw from the window that there were other men who were left downstairs. He positively identified their bgy. captain Oberes as among the armed men who went up, as well as a certain Pedro Zabate and Boy Zabate. He alleged that they were all carrying long arms.

Martin continued that the armed men took with them Mauricio and his Willy as guides to the house of Venancio Labajo, which was situated about half a kilometer away from their house. Mauricio and Willy went with the group voluntarily. Martin added that he went down the house to answer a call of nature and went about 15 meters away into a bushy area.

As this developed, Martin's father, Hermogenes, narrated that as early as 1984, Sebo "Boy" Zabate allegedly approached him and convinced him to plant marijuana seedlings. He reportedly refused knowing that the plant was illegal and dangerous. He added that Zabate threatened him that those who refuse to plant marijuana will be tagged as members of the rebels and allegedly warned that if anything should happen to his planter's companions, they will all be killed. Hermogenes concluded sometime on Sept. 4 three alleged marijuana planters were killed and apparently the massacre was the warning. However, he strongly denied having any knowledge of the Sept 4 incident as he also denied the presence of any NPA in their area.

Bayan leaders bared plans to file murder charges against Oberes and other armed men which some witnesses have identified. They also demand a full dressed investigation of the incident by the military, that the culprits should be punished, even as they also demand that the CHDF should immediately be dismantled. They further underscored that like the Escalante massacre, the military were quick to identify that the NPA is behind the killings, as the Balamban incident. Even before an investigation is made and even without knowing the identities of the victims (in the first published report) the military were quick to say that it was the work of the NPA. BAYAN leaders expressed apprehension that this is probably a part of the military's plan to justify militarization in the countryside.

Victims of Thursday's massacre included Mauricio, his wife Saria, children Willy, Teofilio, Teting, Marilyn, Ginging, Vicente, Cabrera and Venancio La.

#### Some Residents Accuse NPA

Cebu City VISAYAN HERALD in Herald 15 Oct 85 pp 1, 4

[Article by Francis S. Savellon: "NPA Not Army Harasses Mount. B'gay Residents"]

[Text] Residents of mountain barangays in Balamban, Cebu are not being harassed by the military but by armed groups believed to be members of the New People Army (NPA).

This was the revelation of two residents of Sitio Malingin, Barangay Gaas in Balamban who met yesterday with some members of Cebu media at the conference room of the regional Unified Command (RUC) 7 Camp Lapulapu this city.

Cesario Labajo and Roberto Arebias told newsmen that the armed men responsible for the killings of three youth last September 29, including 17-year old

Lorenzo Labajo, brother of Roberto, are backing up some people recruiting mountain barangay residents to join the movement to topple the government.

Labajo said a group led by Pablo Jabas was responsible for the killing of his brother Lorenzo and has been seen going up to the area where nine persons, including two children, were massacred on the night of October 9 in Sitio Mayana, Gaas, Balamban.

He bared that the men who killed Roberto last September 29 were actually after him, but shot his brother instead.

Labajo and Arebias recalled that they were approached by a certain Berto Cabito, alias Bettym, Cris and Bong, and were asked to join a group out to struggle against the government.

Arebias for his part said, he did not want to join the movement any further for he does not believe it was the right thing to do.

He narrated that he joined a rally in the mountains, at Sitio Marag, where Bayan chairperson Zenaido Uy, allegedly urged the people to go against the government. Uy reportedly assured the people not to be afraid as they have their own military arm to back them up.

Arebias also mentioned during the media conference that a lawyer and a certain priest were present when Uy spoke during the rally.

He identify Uy, by pointing at her photo appearing in a local daily when RUC officials showed Arebias the newspaper.

Arebias also said, he participated in a rally here in Cebu City with some 200 mountain barangay residents of Balamban and neighboring places who were brought by Bayan all the way from Sinsin to a place described by Arebias as near a big church.

He recalled that Uy and her companions fed the mountain barangay residents while they were staying in the city for the rally and were brought back to the mountain the same way they were brought down to the city, by riding aboard a cargo truck.

On the October 9 massacre, both Labajo and Arebias could not pinpoint the perpetrators but alleged that they might have been the same persons who killed Labajo's brother, and two other youths last September 29, and three more persons last October 4, identified Victoriano Bacus, Alfredo Zabate and Mario Gavjola, who were gunned down also in sitio Pangpang in Balamban.

For his part, PC provincial commander, Lt. Col. Jewel Canson updated his report during the media conference, saying, that investigations conducted by him and his men indicated that on the night of October 9, a group of armed men, wearing fatigue uniforms and carrying long arms, were seen going up to Upper Pangpang, in the vicinity of Mauricio Anuzot's house.

At around nine o'clock that night, shots were heard. The following day when constabulary troopers checked the area, they found Anugot and his family massacred along with some other persons who stayed in their house.

As the area was already deserted by residents, the troopers buried the victims.

On the incident, RUC chief, Brig. Gen. Renato Ecarma, denied that military and CHDF personnel were involved in the crime as indicated by the reports of his field officers.

Ecarma's denial came in the wake of accusations hurled by Paul Rodriguez vice chairman of BAYAN-Cebu, that the military was responsible for the massacre.

He challenged Rodriguez to come up with evidence or otherwise he should retract his accusations.

On the report that Bayan chairperson Uy was alluded to having recruited mountain barangay residents to join a movement to topple the government, Ecarma said, he will refer the reports and findings to military lawyers for them to make a thorough study. If evidence would warrant, then proper charges would be filed against the Bayan official and her companions.

When confronted about the challenge of some farmers for the military to be serious about its campaign against marijuana planters, Ecarma said, the drive against insurgency and marijuana are given equal importance by the military.

He countered the challenge of the farmers by asking them to come to the RUC so that they could work together against the marijuana planters.

#### BAYAN Official Blames Military, CHDF

Cebu City VISAYAN HERALD in English 15 Oct 85 pp 1, 9

[Text] Bagong Alyansan Makabayan (BAYAN) Cebu, vice chairman, Paul Rodriguez, yesterday said he could not retract the accusation that military men, CHDF and barangay officials were involved in the massacre of 9 persons last October 9.

In an interview with VISAYAN HERALD, Rodriguez explained that the accusations were not his but were made by witnesses to the massacre who approached him and other Bayan officials for help and assistance.

He pointed out that in yesterday afternoon's press conference, the witnesses bared that CHDR men and barangay officials were involved in the crime (SEE SEPARATE STORY).

"I cannot retract the accusations, as I was simply echoing what the people in the mountains said," Rodriguez stressed.

He made this pronouncement in the wake of a challenge made by RUC chief, Brig. Gen. Renato Ecarma, for him (Rodriguez) to present evidence that military or CHDF personnel were involved in the massacre, otherwise he should retract his words.

Rodriguez bared that Bayan lawyers are beefing up a case against those involved in the crime.

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PHILIPPINES

NPA ROBS, BURNS BUS; EXPLOSIONS REPORTED

**Passengers Unmolested**

Davao City PEOPLE'S DAILY FORUM in English 17 Oct 85 pp 1,8

[Article by Bong S. Dizon: "Fifty NPA - nels Burn Bachelor Bus"]

[Text] About 50 heavily armed men believed to be New People's Army guerrillas set to flame yesterday morning a passengers bus at Taganan Plantation, near the boundary of Pantukan and Mabini municipalities in Davao del Norte, after divesting of the driver of P1500.00.

Two passengers who requested anonymity said a Bachelor bus with 45 passengers left Davao City at around 5 a.m. yesterday for Davao Oriental when flagged down by five armalite-wielding men upon reaching the border of Pantukan and Mabini. One of the armed men ordered the driver to vacate the steering wheel. Then the men immediately commandeered the bus to a forested area, six kilometers away from the highway.

Around 45 armed guerrillas were waiting in a forested place which is seemingly a "no man's land." They directed the passengers to disembark. Screams were heard when the armed men poked their guns at the passengers faces and heads, sources said. Many trembled apparently because of fear.

"Na-a bay mga military dire," an NPA asked. (Are there militarmen here). There a deafening silence.

One of the guerrillas asked from the driver the P1,500 which represents the fare collection. The same sources said that the NPA guerrillas did not confiscate the money and valuable items of the passengers.

Two guerrillas poured two gallons in the body of the bus and set the vehicle to flame.

After the Bachelor bus was razed to the ground some of the guerrillas saw off the passengers at the highway. It was already 6:30 a.m. when the passengers reached the highway by foot, sources said.

Davao City PEOPLE'S DAILY FORUM in English 17 Oct 85 pp 1, 8

[Article by Willy Obenza]

[Text] Nine persons were killed and scores were wounded in two separate explosions of land mines and mortar in Davao del Norte and Davao del Sur.

Reports reaching this paper said that three NPA guerrillas and one soldier were killed during a gunbattle yesterday at past 9 a.m. at the border of Tagananan and Montelibano, Pantukan in Davao del Norte.

The government trooper, C2C Yugo of the 432nd PC company, was slain by explosion of land mines. Killed during an exchange of fires were three NPA rebels, namely; Rudy Munos, 16 of Pindasan, Pantukan; one alias Denio; and a certain Sisod.

The bodies of the slain NPAs were taken to Funeraria Padilla, a local funeral parlor. Found in their possession were M16 armalite rifle and two Garand rifles.

Reports said the local PC command (432 company) sent teams of scout rangers and PC soldiers to the area of Tagananan and Montelibano at Pantukan to track down the NPA guerrillas who reportedly burned down a Bachelor bus yesterday at around 6 a.m. When the government troopers reached the place, two land mines exploded, killing C2C Yugo and wounding six others who were riding in a "Diyamite (BI-250). Wounded were Capt. Flores, a team leader, C2C Bugao, C2C Navarro, Sgt. Tamayo, C2C Tolentino, and C2C Ata. The scout rangers were riding in two Armed Personnel Carriers.

A brief firefight ensued following the explosion. The rebels withdrew from the battle area when three of their comrades fled.

In another incident a 51-year old farmer, his wife and three of their children were killed while three others were seriously injured when a 60MM mortar exploded inside their house in sitio Kanacoy, San Antonio, Sta. Maria, Davao del Sur Sunday morning, report said today.

Only Marguito Siyko, the farmer has been identified in the report while the names of his wife, the three children and three others who were hurt in the blast have not been known.

Police Lt. Olegario M. Labanon, Sta. Maria station commander, said those injured were also small children. He said initial investigation showed that the fatal mortar was found by Suyko's children and brought to him for "inspection." It turned out to be live.

The same investigation said Suyko, was tinkering with the 60MM mortar when it exploded. The dead bodies of the five victims were immediately turned over to

their nearest relatives while the wounded children were rushed to the nearest hospital.

Lt. Labannon said the live mortar could be of World War 2 vintage and has sent his men to scour the vicinity of the tragic blast. He also warned the neighborhood against tinkering with live ammunition and to immediately report any such discovery to the police.

Meanwhile, two persons were injured early dawn Monday when some 40 armed members of a CPP-NPA-NDF outlaw band raked with gunfire a house in sitio Patulangan, Tacal, Magsaysay also in Davao del Sur. The outlaw band also lobbed a hand grenade at the house owned by Ernesto Damali, a CPP-NPA-NDF surrenderee.

Rushed to a nearby hospital were Mario Aquil, an 18-year old farmer and also a CPP-NPA-NDF surrenderee, and Boy Cabacan, also a farmer, 17.

Police Lt. Benjamin L. Manacap, Magsaysay station commander, said the armed men had come for Damali to exact vengeance for his having defected from the communists sometime this year. Damali escaped unscathed.

Two police teams assisted by home defense volunteers were dispatched to Patulangan to track down the perpetrators. With Damali's help, the station commander said he expected to engage the outlaw band in a gunbattle before it escaped through the western corridor.

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PHILIPPINES

## ARMY TROOPERS DEFECT TO NPA

Davao City PEOPLE'S DAILY FORUM in English 5 Oct 85 pp 1, 8

Article by Hen Ad. Piosca: "Three Soldiers Defect to NPA"

Text

Three Army soldiers assigned in North Cotabato have reportedly defected to the New People's Army (NPA) taking along with them two M60 light machine guns, an M203 grenade launcher and several rounds of ammunitions. This was revealed recently by an Army captain who requested anonymity for obvious reason.

The officer said two of the soldiers were formerly under his command in the 25th Infantry Battalion while the other one was with the 27th Infantry Battalion. Headquarters of the two Army units are based respectively in Makilala and Kabacan municipalities, both in North Cotabato.

The identities of the Army defectors were not revealed but they allegedly deserted their units in separate occasions two months ago.

The captain said the three soldiers were all draftees and had just completed their military training in Cagayan de Oro City.

Military authorities in North Cotabato reportedly confirmed the defection when the three deserters were allegedly spotted in a company of NPAs by a reconnaissance helicopter somewhere along the border of Bukidnon, Cotabato and Davao provinces.

The officer said the defection of the three soldiers to the New People's Army was unexpected because Army soldiers in North Cotabato have frequently engaged the NPAs in armed encounter.

He confirmed that the three were involved in last month's series of encounter between government troopers and NPAs. The captain said the three defectors have increased the morale and the firepower of the NPAs operating the area.

The captain said that they were once outpositioned by NPAs in a gunbattle last month in the mountains of Magpet municipality when the two M60 light machine guns and the M203 grenade launcher were used by the three defectors.

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PHILIPPINES

GOVERNMENT TROOPS, TRIBESMEN AMBUSH NPA, KILL 30

Davao City PEOPLE'S DAILY FORUM in English 6 Oct 85 pp 1, 7

Article: "30 Killed In Caraga Ambush"

Text Three of Southern Mindanao's most wanted NPA commanders including 27 other rebels were allegedly wiped out early Thursday morning when they walked into an ambush staged by a platoon of constabulary and army soldiers, home defense volunteers and Mandaya tribesmen in sitio Sangab, Pichon, Caraga, Davao Oriental military reports said.

Slain were Commander Saulo whose real name was Alexander Navarro, commanding officer of the 234th Secondary Regional Guerrilla Unit (SRGU) of the CPP-NPA-NDF; Commander Ramil (Pablo Estander in real life), member of the 234th SRGU company operational command; and Jodi Fernandez alias Commander Karin, member of the 23rd MRGU battalion operational command including 27 others whose identities are still unknown.

Oriental Davao provincial commander Lt. Col. Carlos F. Pesta reported to Brig. Gen. Dionisio S. Tan-Gatue Jr., RDCOM XI commander, that the three slain commanders had led an undetermined number of heavily-armed men into a plenum of top CPP-NPA-NDF officials of Front 5 when waylaid. Front 15 covers the towns of Tarragona, Manay, Baganga and Caraga, the military said.

Briefed on unusually large communist groups about to converge in the area, Col. Pesta immediately organized the ambush

platoon and another team led by Capt. Binang A. Hadjiril, 453rd PC commanding officer. The ambush platoon, which was under the operational control of the provincial constabulary command, had positioned itself hours before the ambush. The second team has likewise sealed all possible routes from a handful of ambush survivors believed struggling in the neighboring areas of sitio Sangab.

FLASH REPORT

At 6:00 p.m. October 5 fresh constabulary and marine troops sent in to reinforce the ambushees are allegedly engaged in a running gunbattle with the fleeing rebels. The firefights is leading the combatants to the fringes of barangay Calapagan in Lupon where 53 communist raiders were killed last May. -- (GAE)

Among those initially recovered after the 15-minute gunbattle that followed were an M79 grenade launcher, a cal. .76 Browning automatic rifle, an

other cal. 30 rifle, assorted medicine and several subversive documents and briefing charts ostensibly for use in the plenum.

The three slain NPA commanders had long been in the RECOM XI wanted list of CPP-NPA-NDF leaders in the region, Gen. Tan-Gatue said. The three allegedly figured in the aborted communist assault on a constabulary patrol base in Calapagan, Lupon, Davao Oriental in May; the arms and explosives raid on the Apex Mining compound in Davao del Norte; and the twin raids on the 1st and 37th m army detachments, all in Davao del Norte.

A report flashed in also added that part of the reinforcement team sent to block the fleeing rebels is a team headed by MSgt Isaias Silvestre Jr., a Medal of Valor awardee and popularly known in Davao Oriental as the "hero of Calapagan."

(*Military press statement*)

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PHILIPPINES

NPA AMBUSHERS SMASH FACES OF FALLEN SOLDIERS

Cebu City VISAYAN HERALD in English 16 Oct 85 pp 1, 4

[Text] Faces of the victims of the recent ambush in Bohol were reportedly smashed by rebels belonging to the new People's Army (NPA) even after they were gunned down.

This was bared by three of the survivors of the Sunday morning ambush at sitio Aniplay, barangay Omjon in Valencia, Bohol. Nine PC troopers are reported to be dead as of latest count.

RUC chief, Brig. Gen. Renato Ecarma, identified the three survivors as Cpl. Wilfredo Galicia, who is a Scout Ranger, C2C Rogelio Chatto and Nicandro Pladero.

The three wounded men were given medals while posthumous awards were given to Maj Richard Estrada, Jr., Bohol PC assistant provincial commander and the other nine fatalities, which included members of the Civilian Home Defense Forces (CHDF).

Earlier, it was reported that only seven others were killed along with Estrada.

However, unconfirmed reports indicated that two of the missing law enforcers were found dead. They were reported to have crawled for cover and died because of loss of blood.

Galicia recalled that there were about 30 to 50 armed rebels who ambushed that patrol of thirteen men.

Estrada and the driver of the vehicle used by the patrol were hit during the first burst of gunfire.

Galicia said, even as the victims were already sprawled dead on the ground the NPAs smashed their faces with rifle butts, then took their firearms and personal belongings after stripping them to the waist.

Military authorities in Bohol reinforced by Special Action Forces are still looking for the other missing members of the patrol.

PHILIPPINES

**DAVAO TRIBE ASKS FOR FIREARMS AGAINST NPA**

Davao City PEOPLE'S DAILY FORUM in English 16 Oct 85 pp 1, 2

[Article by Juan Galvinez: "Mandaya Tribe Asks Arms"]

[Text] Mandaya menfolk gathered in this mountaintop village Monday strongly petitioned military authorities for arms, and ammunition to sustain their ongoing offensive against a 200-man NPA band still holed in a forested camp here.

Ramon Lagungan, 37, speaking in behalf of the 3,000 strong Mandayas in nine sitios of barangay Pichon, Caraga, urged RUC XI chief Brig. Gen. Jaime C. Echeverria "to provide them with enough firepower to neutralize the NPA in the area."

This area is some 28 kilometers south of Sitio Sangab where 30 members of the so-called 234th Sub-Regional Guerrilla Unit of the NPA under Alexander Navarro alias Commander Saulo were wiped-out in an ambush Oct. 3, 1985 by government forces and Mandaya volunteers under Capt. Peter Sumondong of the Army's Home Defense Forces Group.

A Mandaya fighter named Custodio swore to Echeverria that he is sure Commander Saulo and Karim were among the casualties as he and his brother finished both commanders with shots from their homemade shotguns.

The arrival of terrorist reinforcements and the wounding of Capt. Sumondong forced the government forces to withdraw, Emilio Baringan, 52, of Sito Sanab reported that the motorcycle, the pick-up land cruiser and dump truck used by the terrorists are still in the ambush site.

Baringan said that the dump truck was commandeered by the terrorists from Matuguina Logging. He also alleged that the said firm have been contributing P60,000.00 and 40 sacks of rice to the communists every month.

Ronald Tandang, 17, a village tracker who participated in the October 3 ambush told OMA reporters that the NPA band fled to Sitio Tina-an which is now a well-fortified NPA redoubt. Tina-an is 36 kilometers north of Sitio Sangab in one of the region's most foreboding terrain of rain forests and mountains.

A helicopter fly-over the area by Echeverria and party, however failed to spot the armed camp.

Meanwhile, RUC XI medical and Dental team dispatched earlier treated several Mandaya evacuees temporarily seeking refuge at this sitio. They come from sitios Sangab, Palayasan, Langawitan and Tagalalongdong all mountaintop village within a land area as large as Paquibato district.

Echeverria himself tuned-over 1,400 kilos of rice furnished by the Davao Oriental chapter of the Philippine National Red Cross and Food to try to alleviate food shortage in the barangay.

Antonio Lagungan, 35, earlier reported that livestocks, poultry and dogs in the barangay were decimated by NPA consumption.

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PHILIPPINES

**POLICE CHIEF AMBUSHED, WOMAN EXECUTED, OTHER INCIDENT**

Davao City PEOPLE'S DAILY FORUM in English 18 Oct 85 PP 1, 7

[Article by Zalady Chatto and Dodong Solis: "Cop Chief, 10 Die in Ambush"]

[Text] A police chief and five others were killed while three policemen were wounded when the police patrol car they were riding in were ambushed by about 70 dissidents of the New People's Army in a dirt road in Cabadiangan, Lupon, Davao Oriental at about 7:30 a.m. yesterday.

Killed on the spot were Lupon police station commander Lt. Arnold Malintad, 50, and four of his police and militiamen escorts identified as Patrolman Pama, Juan Kasan, Dante Godoso, Rolando Magno and Jun Caya.

The police chief was with 14 policemen and CHDFs and were going to barangay Cabadiangan, located some five kilometers north of Lupon, to retrieve a body of a woman who was executed in public allegedly by NPAs for being an informer.

The woman, one Oping Taojo, was killed before her helpless husband and children at 6 p.m. of Wednesday or hours before the police chief and his men proceeded to her place before they were killed in an ambush.

The nephew of the woman-victim is said to be a member of the "blue boys" of Gov. Francisco Rabat otherwise known as the security unit of the capitol. This must have led the NPAs to suspect that she was giving informations to the military.

Her killing was in obvious retaliation to the massacre of NPAs in the place by soldiers in encounters.

Apparently not aware that an ambush has been set up for them, the police patrol jeep was readily sprayed with hail of bullets by the NPAs who posted themselves near the barangay road fatally hitting the victims.

There was a spirited gunfight for almost an hour prompting the other policemen-militiamen in the patrol jeep to withdraw to seek reinforcement. The withdrawing group brought along with them their three wounded comrades.

Police chief Malintad although already mortally wounded was still able to kill one NPA Commander identified as Commander Cambol who was trying to get his gun. The NPA commander thought that the police chief was already laying dead for good not knowing that his gun was cocked ready for him. The police chief was later riddled with bullets by the other NPAs.

Malintad was formerly police station commander of Manay, Sigaboy and Mati before his assignment to Lupon. He was only less than two years in Lupon as police chief when he met his untimely death in the hands of dissidents.

The ambush of Malintad and his men is believed in retaliation for the recent killing and ambush of more than 30 NPA in Caraga by operatives of the military. (R. Alejandrino)

A sketchy report received by this paper just before printing deadline said that Malintad survived the ambush and is reported still alive

Meanwhile, four NPA guerrillas were killed and four others were wounded yesterday afternoon at around one o'clock at Matina, Biao, Tugbok District in an ambush and firefight.

The bodies of the slain rebels could not be identified at presstime. Wounded on the government side are: Pfc. Rannie Cabanog, 27, leader of a 12-man patrol team; Pfc. Abundio Vista, 33, Pfc. Flaviano Orellano, 33, and CHDF Dante Bato, 30.

The government troopers were not seriously wounded, police said.

Sources said a 12-man patrol team was dispatched to Biao area following a report that a man was hanged dead in a tree. When the troop arrived at past one p.m. at Biao, three grenades were exploded by undetermined number of armed men believed to be NPA rebels. Some of the government troopers were hit with shrapnels. In a split of a second, a gunbattle ensued killing four young guerrillas.

Outnumbered, the government troopers withdrew from the battle scene. Marines and constables are immediately sent to there to track down the NPAs.

Police said the bodies of the slain NPAs are in Tugbok. Their identities could not be established yet.

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PHILIPPINES

FORMER PKP HEAD ON REBELS, U.S. 'NEOCOLONIALISM'

Quezon City ANG PAHAYAGANG MALAYA in English 9 Oct 85 p 5

[Article by Jesus Lava, former secretary general of the Partido Komunista ng Pilipinas: "Global holocaust threat stifles youths' flowering"]

[Text]

The international youth can be appropriately exhibited only with an unflinching commitment to the cause of world peace. For only in the absence of a nuclear war can the youth be able to flourish and develop its full potential; all other streetcar world come to naught if American imperialism were allowed to embed this world in a nuclear holocaust.

While the necessity for world peace is universal and fundamental to youth, other demands are no less urgent. Indeed, some of them are the only ones understood by most young people, are closest to their hearts and lives, for these involve their day-to-day survival.

Prominent among these demands are: employment, decent wages, workers' rights, education, freedom, justice and popular democracy.

Isn't it rather staggering that after almost 40 years of alleged political independence our youth are still denied the right of full employment and decent wages, the basic right to strike, picket, or otherwise protest their interests, the right to equal protection

and justice, the right to develop their intellectual and physical potentialities without expense? They still are the primary victims of violence in picket lines, street rallies or other peaceful demonstrations.

Why, after four decades of this independence, have most of our youth failed to find their national identity? Failed to identify themselves with such fundamental national assets as national sovereignty, political, economic, military, cultural

Evidently because most political leaders, past and present, have, wittingly or unwittingly, unknowingly or deliberately, failed to assist and assure national sovereignty; have allowed American imperialism to usurp what is inherently and by right of revolutionary struggle ours.

Indeed, one cannot help but lay the initial responsibility on the elected leaders of 1946; those of them who through sheer ignorance or naivete believed American agents of benevolence and genuine concern; those also through opportunitistic opportunities and selfish ambitions with the country

from the onset by accepting the three basic pillars of imperialist neocolonialism:

(a) the cowardly act of the Filipino people was destined to suffer the consequences of an imperialist neocolonial system, of concentrated colonial mind and spirit; of members of said leadership causing Filipinos to fall fellow Filipinos;

And yet subsequent entrepreneurial and private leaders failed to learn from the lessons of the past; continued and even "improved" on their predecessor's policy of subservience to American neocolonialism.

Indeed, US control of the Philippine economy has gone from bad to worse; it has tightened its controlling knot around the neck of the national economy. What should have been an attempt to achieve national independence, fair and self-sufficiency of the Philippine economy turned out, in the hands of these sycophants of America to be exactly the result: greater dependence on the US for raw materials, semi-processed materials, machinery, food, drugs, loans, investments, technology, even technical manpower, military

equipment and supplies, even training.

Today the presence of American, Japanese and West European imperialism in our country is so pervasively predominant, that one is tempted to ask whether this is really the Philippines, but one finally finds it to be so when confronted with millions of unemployed Filipinos (million around), looking for work, of still impoverished communities knowing where the next meal would come from, of numbered undernourished infants and children.

Today, the IMF dictates the amount of currency we should have in circulation, the interest rates to be charged for loans and the debtors to be given grace periods. These rates are in the Central Bank, BIR and other similar offices. As a consequence, the prices of the commodities we buy, particularly the prime commodities, the

buying power of our peso, is at the whim and caprice of an international agency controlled by the American monopolists. The very means of subsistence and existence of the Filipinos are at the mercy of a foreign controlled agency whose goals are no more nor less than the acquisition of enormous profits by American monopolists and their continued exploitation and control of the Third World countries.

We were encouraged in August only to be spurned dry when the going got rough. Now we are given further loans only because these loans would pay for the interest of the previous debts and help stave off a financial crisis in the Western Banking system. All these would lead to even more debts with no forward step towards true national economic self-reliance.

## [10 Oct 85 p 5]

The Philippine economy has been sick ever since the United Party stalwarts of 1916 made the reckless move of accepting the Gull Trade Act. Party, United Defense Pact and US military bases, and passed American residence and control of Philippine economy, politics and culture.

Right now, the economy is in the intensive care unit, receiving round doses of medicine to tried to return the patient to its previous condition of chronic disease, which trademarks of this government euphemistically call economic recovery.

All the steps being taken today in the sphere of our economy, is intended to bring the back to the pre-American

sickened period (August 1981). But before August, 1981, and even way before that, unemployment can be counted in the millions, under employment in term of millions, was acceptably low, compared to our Asian neighbors, and fantastically low compared to the standards of developed economies. BHP debts were already chronic.

In the face of all these incontrovertible facts, the Philippine government leaders, in concert with their American sponsors, loudly proclaim that the choice before the Filipino people is between democracy and communism represented itself as democratic and the USA or communists.

Why, it may be asked, are they pushing this as

the issue, when the facts readily and logically point otherwise?

The American, are posing this time expect to be able to pressure the Marcos government into accepting all their demands, even as it is intent at a warning to the traditional opposition against any alliance with the left.

Most importantly, American policy-makers are using anticommunism to camouflage the real culprit in the present sorry state of our country - which is American neocolonial domination and exploitation of this country with the aid of its surrogates.

For its part, the Philippine government leaders expect to at least pose the threat of revival of McCarthyist hysteria to split the opposition wide open, and cow into submission the resurgent mass movement for national sovereignty and popular democracy.

Regardless of their respective motivation, the issue as posed by the American and Philippine governments is wide off the mark, for two fundamental reasons:

Firstly, democracy and communism can never be pitted against each other, since democracy as a form of state power reaches its highest peak under socialism where the means of production is socially owned and state power is in the hands of the working people.

This is the highest expression of majority rule in contrast with capitalism or so-called private enterprise societies where state power is in the hands of the monopolists.

Moreover, democracy as a way of life can be realized only under the classless, stateless society called communism. This,

in point of time, is way way off, and certainly not the urgent issue confronting our people today.

If socialism or communism must be compared, it should be against capitalism. Thus, socialism versus capitalism should be the proper way of comparing social systems. Democracy versus communism compares a political form with a social system. Clearly, the error is deliberate.

American policy-makers and their local minions have been very adept at confusing issues, misleading the people, to better hide the real identity of the Filipino people's real enemy. The present upsurge of anti-communist propaganda is designed solely to camouflage the real roots of the people's impoverished and oppressed state.

This American tactic has been greatly aided by the persisting colonial mentality of many Filipinos. It would be no exaggeration to say that one of the most pernicious actions of American colonialism was the imposition of a school system that compelled the Filipinos to speak and think in a foreign language; that forced our youth, from the first grade to the university, to be molded in American culture; that misled Filipinos into believing in so-called American benevolence and humanity where there is only deceit, exploitation and oppression.

The so-called Thirteeners are being held up today as an example of such benevolence, where the reality was a cold-blooded, sinister strategy for the colonization of the Filipino's mind and spirit. Persistence of American

dominance in our educational system and in the system of mass communication is responsible for the present sorry state of many Filipinos' thinking. Note the results of a recent survey among fifth grade students which found that a majority would rather be born American or Japanese than Filipino. Note further the emergence of the statehood movement, the unrelenting flight of Filipinos to the US, the embarrassing ease with which these Filipinos change their citizenship to American.

This neocolonial policy of colonizing much of Filipino youth has resulted in the loss of their sense of national identity, their sense of being true Filipinos. This is the tragedy of the colonial miseducation that has persisted to this day; a miseducation that has alienated Filipinos from their very own native land and caused them to fail to identify the true interests of their country as their own; a miseducation that has blinded their perception of the real, actual present-day oppressor and exploiter of the Filipino people.

## [11 Oct 85 p 5]

It is the urgent task of the Filipino youth to overcome this colonial miseducation. It is their bounden duty to themselves, their families and to our country to purge and cleanse themselves of this pernicious disease, the better to attain a correct perception of the nation's ills and their solution.

Secondly, the establishment of a socialist, much less a communist society is not in the order of the day, not the problem that confronts the Filipino people today. Even the present armed revolutionaries have not raised the banner of socialism or communism as the necessary alternative to existing neocolonial society.

On the contrary, the Philippine left has raised the banner of national independence and popular democracy, of economic political military and cultural sovereignty, and seek as their goal the elimination of all forms of neocolonial chains on our people.

By deliberately evading the real issue of national sovereignty

versus American neocolonialism, this government places itself in effect as the primary defender of American neocolonial interests, bent on confusing the issues confronting the Filipino people in this period of deepest crisis.

To further muddle the issue, Mr. Manuel Lazaro, Presidential Assistant for Legal Affairs and Government Corporate Counsel, in a speech entitled "CLASH OF SOCIAL RIGHTS" delivered before the Metropolitan Trial Judges declared:

"Democracy is in peril". (Bulletin Aug. 25, 1985 p. 7).

What democracy can he possibly be talking about? Is he referring to the present neocolonial democracy? When has IMF dictation to the Philippine government become the essence of democracy? With the combined onslaught of the IMF, World Bank, the Commission of Banks, the Tribunal Commission, the US State Department, the Pentagon, the CIA, US Congressmen, American media, and American bases in the

Philippines, what could possibly have been left of Filipino national sovereignty; and without this sovereignty, where is democracy? Even L. L. Valencia, a known member of the administration, had this to say of the IMF:

Finally, our economic experts have discovered that we have gone too much to the IMF. If we were to follow all the IMF instructions on how to achieve economic recovery, we would end up destitute and worse than when we started. We need both air to breathe. The IMF is strangulating us. (*Daily Express* Sept. 20, 1985)

It would seem that ours is but to obey, follow, and suffer the consequences, while the American monopolists decide and dictate our very destiny and survival. Note Valencia's sarcastic view:

The Philippine government has had a protest before the US governor general in Manila and the US State Department in Washington because President Marcos did not like the way the US officials act with MNLF leaders. Why the protest? Did the President not know that the US is already in charge of, and actively running, the country? Look at the way the "American boys" are scattering around all over the place. The whole scenario is being orchestrated by the State Department, the American press, the American agents in all fields, and by the office of the US governor general in Manila. We should not protest. (*Daily Express* Aug. 15, 1985)

Despite all these incontrovertible facts, the corporate media like the *Journalist* to proclaim in all and sundry that "democracy in the Philippines is in peril". He, in effect, is proclaiming that

American domination and control of the Philippine economy, politics, military and culture is democratic for the Filipinos, beneficial and desirable, something Filipinos must be grateful for; otherwise, how else could he be so blind to the realities of our neo-colonial existence? Our long nationalism and democracy finally become compatible?

A new concept, or rehash of an old one, of one being pushed by Mr. Lazarus, obviously intended to prepare the ground for further conquest; whatever civil rights are still being exercised by the people.

"The breeding ground of communism is毫不疑地 laid out by the democratic system itself. Communism is able to grow within the shelter of democracy." (ibid)

These misinterpretations, or if it deserves, reflect a serious lack of understanding of the social, economic and political development of nations, and even of history (ibid). He and his tribe must be reminded that the first victory of socialism was against one of the most tyrannical state ever known to man, Russian Czarism. And the second great breach in the otherwise monolithic world capitalist structure came in China, where Chiang Kai Shek had not earned the reputation of leading a democratic state. Indeed, is it possible that Cuba under Batista, and Nicaragua under Somoza could have been prior examples of democracy which has bred communism?

On the contrary, one can only point to the leading bourgeois democratic states such as England, France and the United States where capitalism has as far remained unwarred, despite the legal presence of Communist and Socialist

parties, to realize the true of Mr. Lazaro's perception.

To be precise, Marcos have possibly stated that the "democratic" republic is the best possible shell for capitalism, in the sense that the change of administration of governing parties and persons creates the

illusion of change in basic social and economic policies and methods, even as it actually retains the main content of bourgeois class rule. This partly explains the relative stability of the American, British and French capitalist - the permanent practitioners of bourgeois democracy.

[12 Oct 85 p 5] Finally, moving to familiar but obviously confused ground, the Presidential Assistant on Legal Affairs proclaimed:

"Trafficking with the brokers of treason is outside the corridors of the Bill of Rights. Advocates of the violent overthrow of the Government are beyond the pale of the Constitution". (*ibid*)

Is Lazaro implying that the present insurgents, or rebels, are brokers of treason? I am sure that the brilliant corporate counsel knows the legal definition of treason. But does he understand the social, political, cultural, military and economic elements as well as implications of treason?

Advocacy of violent overthrow, even the very act of rebellion itself, does not spell "broker of treason". Whether he agrees or disagrees with the rebels in the method of struggle is beside the point. These men and women who have made and continue to make tremendous sacrifices, giving up life itself, are fighting for the attainment of true national independence and sovereignty and popular democracy - which up to now are but illusions. They are not aware, as we and many others are aware, that the main obstacle to the attainment of these goals is none other than American imperialism. Is the good corporate counsel aware of this? Or would he rather act as implementor of American neocolonial policy in the Philippines?

Surely, one in the administration has a right to call them rebels, or insurgents, or revolutionaries, or even subversives (subversive of neocolonialism), but certainly not brokers of treason, for they are, as all other fighters for national liberation are, the epitome of Filipino patriotism. On the other hand, Mr. Lazaro, if acting as conscious implementor of American neocolonial policy, could fall into that very category he so reserves for the fighters for national emancipation.

Indeed, Mr. Lazaro can imprison, detain, maim, or even kill the rebels in battle. Men and women who have opted for this kind of struggle are prepared for all these. But they still fall within, not "beyond the pale of the Constitution". As Filipinos who love their country as much as if not more than others, they are equally entitled to the rights and privileges, and subject to the constraints and punishments provided for in the Constitution, the corporate counsel notwithstanding.

Mr. Lazaro is toying seriously, albeit very dangerously, with facism and militarism, reminiscent of Hitler, Mussolini and Tojo, blissfully unaware perhaps that his concepts are the very antithesis of the democracy he purportedly wants so much to defend.

It then become the urgent task of the Filipino youth to commit themselves to the struggle for the defense of their civil and political rights; for the expansion of these rights and the attainment of a truly popular or people's democracy.

They are further tasked to lead and participate in the over-all fight for national sovereignty in all its varied aspects. Only thus can they be assured of a free, peaceful, prosperous and spiritually meaningful future for themselves and for posterity.

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PHILIPPINES

## FOREIGN PARTICIPATION IN DAVAO STRIKE, MARCH HIT

Davao City PEOPLE'S DAILY FORUM in English 5 Oct 85 pp 1, 8

### Article: "Aliens Hit For Joining 'Welga'"

#### Text

Lt. Col. Douglas O. Rosete, regional chief of the Civil Relations Service, yesterday accused foreigners of using the Welga in Davao to divide the people and rule the country's domestic affairs.

Speaking before members of the Rotary Club of West Davao, he scolded at claims that the 50 foreign participants of the Sept. 21 protest march did it for Philippine freedom.

"It was very obvious from the start that the Welga was designed not to secure tangible and positive benefits for anyone but mainly to shake the foundations of public authority with chaos, displacement and bitterness among our people," Rosete declared.

He said the Welga was "an extension of foreign interests" out to create the image of a dictatorial bases and the International Monetary Fund. Rosete holds large scale violence in key population centers.

"There was a clear tie-up between the mass actions and the armed offensives of the New People's Army," Rosete alleged.

The Welga succeeded in forcing business to lose 70 million pesos and led seven persons to their deaths, he alleged. of a foreign service degree, said no foreigner has the right to rally in protest of a purely Filipino issue such as national leadership.

"When they chose to march the 50 foreigners claiming 26 nationalities made a mockery out of Filipino sovereignty and independence," he noted.

He derided them for joining a mass action which promoted injustice, deception and terror under the guise of "truth-and-freedom" slogans.

He cited a Sparrow hitman captured three days before the strike and rebel returnees plans to block highways with rocks and tree trunks and mount

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CSO: 4200/238

PHILIPPINES

BRIEFS

ADAZA SAYS BAYAN CAN TOPPLE REGIME--A top opposition member of parliament described the Bagong Alyansang Makabayan (BAYAN) as having the greatest potentials to succeed in dismantling the US-backed Marcos dictatorship even as the opposition federation called for greater unity to end the rule of oppression and repression. MP Homobono Adaza (Misamis Oriental), addressing the BAYAN-Mindanaw congress which opened here yesterday said BAYAN has the greatest potentials to rally the people behind a broad movement to end the Marcos regime.  
[Excerpt] [Davao City PEOPLE'S DAILY FORUM in English 13 Oct 85 pp 1, 8] /12851

CEBU COLUMNIST ENDORSES AQUINO--This corner stands four square behind the "draft Cory Aquino" movement of Chino Roces. "Only Cory can bind the factional wounds of the Opposition and persuade them to close ranks;" "Cory's moral stature is such that supporters of the administration would recoil from decimating and brutalizing the election if she is the candidate." Even as a candidate, her entry to the political arena as presidential bet would clear a lot of "pollution" in the thick air. That would be very good for starters.  
[By Eddie Adlawan] [Text] [Cebu City VISAYAN HERALD in English 17 Oct 85 p 3]  
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SINGAPORE

HIGH-LEVEL DELEGATION TO GO TO PRC

HK050434 Hong Kong AFP in English 0417 GMT 5 Nov 85

[Text] Singapore, Nov 5 (AFP)--A high-powered Singapore Government mission will travel to China next week for talks on economic cooperation as a followup to Prime Minister Lee Kuan Yew's visit in September, the BUSINESS TIMES reported today.

Government sources refused to comment on the report, which said the mission would include National Development Minister Teh Cheang Wan and Minister of State for Trade and Industry Brigadier General Lee Hsien Loong, Premier Lee's elder son.

The Singapore team is expected to visit Beijing, Tianjin, Guangzhou, and a special economic zone which was not identified, the BUSINESS DAILY said.

Observers said the inclusion of Mr. Teh and Mr. Lee showed the importance attached by the government to the followup talks on wide-ranging proposals for cooperation brought up during the prime minister's visit.

They saw the move as part of an effort to consolidate Singapore's position in the Chinese market at a time when world trade is shrinking and protectionism in the developed countries is rising.

On his return from a 13-day tour in September, Mr. Lee said his visit had "opened the doors to China" for local businessmen and now it was up to them to take the initiative and develop trade relations with the Chinese.

The BUSINESS TIMES said proposals for cooperation which the team would touch on would include public housing, industrial planning, manpower development, tourism, civil aviation, banking and oil refining.

Singaporean investments in China to date total an estimated one billion Singapore dollars (474 million U.S.).

The paper said details of a proposed investment-guarantee agreement between Singapore and China are expected to be finalised when the Singapore team meets officials of the Chinese Ministry of Foreign Economic Relations and Trade.

The permanent secretary to the Ministry of Trade and Industry, Ngiam Tong Dow, who was a member of the prime minister's delegation, will also be in the team, the daily said.

(In Hong Kong, pro-Beijing newspapers reported that the Singaporean trade and industrial delegation would stay about a week and focus on tourism, aviation and urban planning in China.)

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CSO: 4200/206

THAILAND

PREM ADDRESSES MEETING ON CPT INSURGENCY

BK300211 Bangkok THE NATION in English 31 Oct 85 p 3

[Text] Prime Minister Gen Prem Tinsulanon said yesterday the number of armed fighters of the Communist Party of Thailand (CPT) has dropped by about 90 percent to only about 1,000 throughout the country and called for continued pursuit of peaceful approaches through the promotion of democracy in putting an end to the war with the CPT.

Speaking to senior officials of the armed forces and the government during the meeting to review the result of the suppression of communist insurgency for the second half of the previous fiscal year, General Prem said that the task of defeating communist insurgency still had a long way to go although the government had managed to gain the upper hand over the CPT in the recent years.

He said the fighting between the communist insurgents was dying down and added that the number of CPT guerrillas has decreased to 800-1,000 from 12,000 in late 1970s.

The achievement, said the prime minister, was the result of the implementation of the anti-communist policy No 66/2523.

However, there was an urgent need to evaluate the government's performance between April and September of this year and the feedback would be used as a guideline to fight the CPT in the fiscal year of 1986.

"We need to adjust our strategy from the pursuit of victory through the use of brute forces to the adoption of peaceful means with emphasis on the preservation and development of democracy in the country," he said.

He went on to say that there were still differences among the people in the country. These differences, he added, occasionally turned into conflicts. But fortunately, the government managed to have the situation in control, he said.

"The lesson of the past teaches us that the sovereign power must truly belong to the people if we want to be the victor," said General Prem.

Supreme Commander Gen Athit Kamlang-ek told the meeting that the CPT had not abandoned its goal in overthrowing the legitimate government by force and establish a socialist state.

Although the situation did not allow the CPT to gain a momentum, it had never ceased to subvert the stability of the government and create rifts in the country, he said.

Meanwhile, Chief-of-Staff of the Army Gen Chawalit Yongchaiyut said that the CPT has currently adopted a tactic of seeking to align itself with the masses in cities in order to strengthen its support for the arms struggle in the future.

Therefore, he said, to fight the CPT under the changing circumstances, the authorities had to adjust their strategy in accordance with the policy guideline laid down by General Prem. That was to fight not only for the victory in the battlefield, but also to win the war.

"Our policy is to win the war against communism by building true democratic system in the country with the cooperation not only from the working class, but also from all segments of the society. This is the most crucial part of the policy guideline of the prime minister," said General Chawalit.

He said the insurgency in the southern part of the country was still active in comparison with the other regions. However, he added, there were only 300-400 insurgents left in the south and they were being reduced to gangs of bandits.

Though the military strength of the CPT had significantly declined in the past years, the supporters of the CPT who constituted an invisible force remained strong.

General Chawalit stated that the armed forces had proved and would continue to stand firm in protecting the constitutional monarchy.

Members of the Cabinet, and about 800 senior military officers, provincial police chiefs, as well as governors took part in yesterday's meeting at Kittikhachon Hall of Chunlachomkla Military Academy.

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CSO: 4200/190

THAILAND

PREM CHAIRS MEETINGS ON COMMUNIST SUPPRESSION

BK300945 Bangkok BANGKOK WORLD in English 30 Oct 85 p 32

[Text] Interior Minister Sitthi Chirarot this morning said the local communists are now operating from the city rather than from the jungles as in the past. General Sitthi made his comment as top government officials concerned met this morning at the Chunlachomklao Military Academy's Kittikhachon Hall to assess suppression operations against the communists.

The meeting was chaired by Prime Minister Prem Tinsulanon and attended by commanders-in-chief of the three armed forces, members of Parliament, provincial governors, top police officers and other civil servants concerned.

General Sitthi said he disagreed with the agenda of the meeting, saying that it is more important to ascertain now whether the communists are operating a propaganda machine in the city and not in the jungles as has been in previous years.

He said he did not want to say much more because it might be to the benefit of the outlawed Communist Party of Thailand.

At today's meeting, each unit would report on its respective role in communist suppression operation, the compiled data would then be assessed by the officials present.

General Sitthi yesterday also criticized certain high-ranking officials in the Education Ministry for putting the blame on police in the South for their inability to solve the case in which a school teacher in Ron Phibun District, Nakhon Si Thammarat Province, was shot dead last week while teaching in a classroom. No suspects have been apprehended.

A group of about 400 teachers gathered on 25 October to protest the shooting and the alleged dark influence involved. They also urged the police to arrest the gunmen as soon as possible.

Education Minister Chuan Likphai then met the teachers before they dispersed and reportedly told them that the police in the area were ineffective.

General Sitthi said it is unfair to criticize dedicated police officers, especially when the case took place in Nakhon Si Thammarat.

According to General Sitthi, Nakhon Si Thammarat is more crimeridden than any province in the country. Although the number of crimes have dropped every year for the last 3 years, it still ranked number one in serious crimes and the number of criminals.

Both the provincial governor and police officers there have been working hard night and day since the incident took place, said General Sitthi.

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CSO: 4200/193

THAILAND

USSR ENVOY ON SCHOLARSHIP ISSUE

BK290115 Bangkok THE NATION in English 29 Oct 85 p 2

[Text] In a bid to soothe the Thai Government's concerns over the way the Soviet Union grants scholarships to Thai students, the Soviet ambassador to Thailand yesterday proposed a joint Thai-Soviet committee to screen recipients of the grants. Ambassador Valentin Kasatkin said the committee could comprise representatives from the two countries' education ministries and other authorities concerned.

"The Soviet officials are more than happy to come here. The Thai and Soviet officials will screen and interview the students together in order to prevent any misunderstanding," Kasatkin told THE NATION in an interview at Don Muang Airport where he went to see a high-ranking Soviet delegation off.

Kasatkin's statement was in response to Thai authorities' concerns about the method Moscow uses in recruiting Thai students to study in the Soviet Union. The Thai Government recently asked the Soviet Union to stop providing scholarships directly to the students here.

The Soviet envoy said he had conveyed the Thai Foreign Ministry's request for a list of Thai students studying in USSR to Deputy Education Minister Nikolay Safinskiy [name as published] in Moscow. "I will give the list to the Foreign Ministry as soon as I receive it from Moscow," he said.

Director of the Political Affairs Department M.R. Thep Thewakun last week told Kasatkin that the embassy had violated Thai regulations by offering scholarships directly to Thai students without going through official channels.

The Soviet envoy said the number of scholarships offered to Thai students increased over the years at the request made by officials of the Thai Education Ministry during the visit here in 1983 by Safinskiy.

"We have allocated about 60 scholarships to Thai students this year. The scholarships, which cover up to 6 years of study, are valued at U.S.\$100,000 each," he said, adding that the Soviet Union provides about U.S.\$60 million in educational assistance to Thailand every year.

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He declined to be specific about the number of the Thai students studying in the Soviet Union but said it was small. He said 54 Thai students left for Moscow under the scholarships in August this year.

He said the 54 students are studying various subjects at different Soviet higher education institutions. "They are studying mathematics, medicine, engineering and biology. None of them is studying political science as alleged in the press here," he said.

Kasatkin complained that the Thai media had unfairly treated the case of one of the Thai students who was recently arrested while studying in the Soviet Union. He said the student, Bunthiang Kotchaphan, was detained because he was drunk and had no proper documents on him.

Secretary General of the National Security Council Prasong Sunsiri last week said Bunthiang was jailed because he had failed to comply with a Soviet wish.

The issue of the proposed Thai-Soviet friendship association was also incorrectly reported here, he said. The ambassador said the Supreme Soviet had expressed support to strengthen relations of the two countries' parliaments.

Thai authorities, however, have voiced opposition to the proposed association with Prasong saying it could provide the Soviet Union a chance to infiltrate the country.

Vice President of the Supreme Soviet Akil Salimov, meanwhile, told THE NATION before leaving for Moscow yesterday that he was satisfied with his week-long visit here. Salimov said Thailand and USSR must know each other more in order to create a better understanding among the peoples of the two countries.

A joint statement issued by Thai and the Soviet parliamentarians, said that both sides reiterated that parliamentarians can play a significant role in contributing to the search for peaceful settlement of pressing problems.

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CSO: 4200/190

THAILAND

MAJOR GENERAL PRAMARN ON TIES WITH USSR

Bangkok THE NATION in English 26 Oct 85 p 5

[Article by Sompong Tang: "It's Time To Do Real Business With Moscow" --  
'Opposition Leader Speaks Out']

[Text] **OPPOSITION leader Maj Gen Pramarn Adireksarn** yesterday urged the government to move toward a more balanced relationship with the superpowers by promoting bilateral ties with the Soviet Union through widening the trade door with the Russians.

The suave and soft-speaking Chat Thai leader was mildly criticizing the government in an exclusive interview with *The Nation* at his residence off Phaholyothin Road, which touched on a wide range of issues from foreign affairs to outstanding political and economic developments.

He said the government had ignored complaints from businessmen who were frustrated over "inconveniences" in doing business with the Russians.

"Business channels with the Russians are not so good. We have an anti-communist business. businessmen don't we problems with the aut . . . wastes their time and they want to do business," he said.

The Chat Thai leader said that Thai foreign policy towards the Soviet Union gives priority to security concerns rather than benefits that Thailand will get from trading. "Let's separate business from politics," he added.

He said that being a small country, Thailand should strictly pursue the policy of being friends to all.

"I like the foreign policy pursued by King Rama V. As a small country, Thailand will benefit more from keeping an equidistant position vis-a-vis the superpowers rather than aligning itself with any

particular superpower. Let's take the Jenkins Bill as a lesson. Our textile and garment industries would not have been hurt so much by the protectionist moves in the US had we refrained from relying on one country," he said.

He added: "We have also imposed trade embargoes on ourselves by refusing to support trade with the Burmese, the Khmers and now the Russians." He was apparently referring to proposals to legitimize black marketeering along the Thai-Burmese and Thai-Kampuchean borders.

It was also wishful thinking to believe that Thailand could pressure the Soviet Union into bowing to its demand on the Kampuchean conflict because "Thailand is just a little finger while the Soviet Union is a thumb."

Asked about the extent of business benefits Thailand could derive from expanding trade with the Russians, Maj Gen Pramarn said: "The Soviet Union is a big market which could absorb tapioca, sugar and garment surpluses from Thailand. But I cannot tell you now as to how far we can go. Let's first start walking and then we will know it."

"There are two types of trading: ordinary and special business like the purchase of Thai oil and sugar at friendship prices; and we lack the latter kind of business with the

Russians," said Maj Gen Pramarn, who visited the Soviet Union twice when he was deputy prime minister during a previous Prem government.

Maj Gen Pramarn's comments on Thai foreign policy towards the USSR was made in the light of a visit here by a seven-member top-ranking team of Soviet parliamentarians and a debate on the present status of Thai-Soviet relations. He said he had not been approached for a meeting with the Soviet delegates headed by Akil Salimov, vice president of the Supreme Soviet's Presidium.

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CSO: 4200/237

THAILAND

ANOTHER COMMAND ASSISTANT NAMED AFTER COUP ATTEMPT

BK270100 Bangkok THE NATION in English 27 Oct 85 p 3

[Text] Supreme Commander Gen Athit Kamlang-ek recently appointed an Air Force chief-of-staff assistant commander of the Capital Security Command (CSC) to improve the "coordination" between the Air Force and other armed forces. The move was seen as a consequence of the 9 September abortive coup, which some Air Force troops joined.

Lt Gen Wanchai Ruangtkakun, an assistant CSC commander, said yesterday that AVM [Air Vice Marshal] Kaset Rochananin was appointed assistant commander of the CSC to better coordinate with the Air Force. Before the appointment, there was only one assistant CSC chief.

A group of Air Force officers from the security force and Communications Department, under the leadership of a major coup plotter, Wing Commander Manat Rupkhachon, participated in the coup attempt early last month.

AVM Kaset reportedly has close ties with graduates of Chunlachomklan Military Academy Class Five, especially Assistant Army Chief-of-Staff Lt Gen Suchinda Qgyzprayun.

The army grouping played a key role in crushing the coup attempt.

The position of assistant CSC commander was first introduced in October last year and Lt Gen Wanchai was named to the post.

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CSO: 4200/190

THAILAND

ARMY ADDS RISKS RULING ON FOREIGN CORRESPONDENTS

BK290215 Bangkok BANGKOK POST in English 29 Oct 85 p 5

[Text] The Army, citing possible "bad feelings" towards it after two Western journalists died during the coup attempt last month, says foreign correspondents visiting the Thai-Kampuchean border must explicitly absolve the Army of any responsibility for possible casualties.

Some foreign correspondents have criticized the Army after two journalists for the American television network NBC--Australian Neil Davis and American Bill Latch--were killed on 9 September while filming an attack by rebel soldiers on an Army radio station.

A letter received from the Army Secretariat's office yesterday said "Some foreign correspondents might have bad feelings toward the Army" following the two deaths.

The letter said foreign journalists thus were asked to absolve the army in writing of responsibility for any misfortunes along the embattled Thai-Kampuchean border.

Foreign journalists routinely seek permission from the secretariat for trips to the border, where tens of thousands of Kampuchean take refuge from the fighting between Kampuchean guerrillas and Vietnamese troops occupying Kampuchea.

The AP reported that the form journalists are now required to sign says in Thai: "In covering news along (the border), if I or the undersigned have an accident which causes injury, loss of life, or property, no matter what the reason, I pledge not to demand compensation or file charges against the Army, and not to claim diplomatic privileges in order to get compensation from the Thai Army and the Thai Government."

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CSO: 4200/193

THAILAND

OFFICIAL SAYS AUSTERITY FISCAL POLICY TO STAY

BK250419 Bangkok BANGKOK POST in English 25 Oct 85 p 21

[Text] The Bank of Thailand yesterday insisted that it was still necessary to continue implementing the austerity fiscal policy which it considered as the most effective in solving the economic recession.

Bank of Thailand Deputy Governor Chawalit Thanachanan said after meeting Governor Kamchon Sathirakun and Finance Minister Sommai Huntrakun that the austerity policy was in accordance with Prime Minister Prem Tinsulanon's policy.

Mr Chawalit's statement dismissed an earlier report that the Finance Ministry had planned to relax the austerity policy in a bid to ease the economic recession. That report, published in another newspaper, claimed that a package of measures to ease the austerity would be submitted to the Cabinet this week.

However, no such measures were discussed during the Cabinet meeting on Tuesday, or even at the meeting of the Council of Economic Ministers.

The fiscal policy would not be eased, Mr Chawalit said.

He said that during the meeting yesterday the current unfavorable economic situation was discussed. Not only would the austerity policy remain unchanged but it would be necessary to enforce it for the next few years, he added.

He said: "We must admit that we are facing a lot of economic problems, so, we have to cut down unnecessary expenditures."

The meeting also expressed concern over Thailand's external debt burden.

"The government is using every effort to reduce this burden. This can be seen from the reduction of the external ceiling from U.S.\$2,100 million per annum in the past few years to only \$1,000 million this year," he said.

In the last fiscal year the actual foreign borrowing totalled only about \$600-700 million, he said.

In classifying projects requiring foreign loans, the government has said that projects to be given high priority must have a quick return and be labour-incentive so as to help solve the unemployment problem.

At the same time, he said, the promotion of export was also given top priority by the prime minister.

Concerning the trade deficit, Mr Chawalit said the economic recession, more or less, had helped reduce the country's import. However, the country's export was also affected and was unlikely to meet the 12.5 percent [increase] target as set at the beginning of this year.

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CSO: 4200/193

THAILAND

OFFICIALS ON FOREIGN BORROWING, REFINANCING PLAN

BK290339 Bangkok BANGKOK POST in English 29 Oct 85 p 17

[Excerpt] In order to enable the External Debt Committee to keep the debt service ratio under the 9 percent ceiling, the Council of Economic Ministers yesterday allowed the Finance Ministry to implement a 4-year refinancing plan.

The council also approved the committee's proposal that the debt service ratio be expanded by 2 percent above the 9 percent ceiling, as well as a plan that foreign borrowings be set at \$1,000 million this fiscal year (fiscal 1986).

Deputy Finance Minister Suthi Singsa-ne said that besides refinancing for external debts, the Finance Ministry also plans to seek approval for the refinancing of domestic debts which cost the government about 4,200 million baht in interest per year.

After the council's weekly meeting, government spokesman Trairong Suwannakhiri said that approval for an increase in the debt service ratio ceiling to 11 percent was based on external debt borrowing regulations, announced by the government last 24 March, which allows the External Debt Committee to seek Cabinet approval for an increase in the ratio during fiscal 1986-1988.

In setting a plan for external borrowings in fiscal 1986, the committee found it impossible to fix the debt service ratio at only 9 percent because of the "unusual" decline in the country's revenue from exports.

The committee proposed that refinancing in 1986 total \$700 million, after that it would total \$300 million per year during fiscal 1987-1989. However, this is subject to a condition that the increase in foreign currencies be at least 6 percent in 1986 and 10 percent in 1987.

"With the refinancing plan and by controlling external debt borrowings each year at the \$1,000 million ceiling during 1985-1991, the government will be able to bring down the debt service ratio to under the 9 percent limit," he said.

Finance Minister Sommai Huntrakun, meanwhile, said that the Finance Ministry would have to seek the cheapest loans with the best conditions for refinancing.

THAILAND

#### TRIAL OF CHIT FUND OPERATORS BEGINS

BK310828 Bangkok BANGKOK WORLD in English 31 Oct 85 p 1

[Text] The landmark trial of alleged chit fund operator Mrs Chamoi Thipso began this morning with two witnesses claiming that she had cheated them of over 300,000 baht. The two witnesses, Mrs Walaiphon Wasikasing, 31, and Sqdn Ldr Phachon Kanthiefeng, 40, testified that they had invested 160,800 baht and 160,600 baht respectively in 1983 and had received in return interest amounting to 6.5 percent a month.

However, both of the witnesses called by the prosecution said during cross examination that they had received interest amounting to more than the principal that they had invested.

Mrs Chamoi, 45, was the first defendant. Others facing the same charges were Sombun Prasoetsi, 43, Mrs Wathana Saisuk, 36, Somchat Saisuk, 40, Piyachai Chiyanon, 38, Sukhawat Prasoetsi, 34, Phuangphet Prasoetsi, 26 and Wirot Suama, 41. Together, they were accused of cheating 4,043.99 million baht from 13,248 clients between 1 January 1977 and 12 November 1984.

The defendants were also charged with cheating 2,983 others of 510.58 million baht between 13 November 1984 and 31 March 1985--the period during which the Anti-Chit Fund Act came into effect.

It was noted that Walaiphon is the first of Mrs Chamoi's clients who lodged a complaint with the Crime Suppression Division. This eventually persuaded many others to follow suit.

Walaiphon said she had learned of the "oil share" business said to be operated by Mrs Chamoi from friends and had decided to invest in the business because of the high return. She said she had given her investment directly to Mrs Chamoi at her Bang Khen residence on 7 October 1983.

She told the court that after her investment she had received 6.5 percent interest every month but, the fund operator had collected an annual 4 percent "service fee" from the total interest she received each year.

Walaiphon told the court that since March 1985 Mrs Chamoi had refused to pay her any interest and had refused to return the capital to her.

Mrs Chamoi and the rest of the defendants were escorted to the court under maximum security and appeared tense throughout the session that lasted from 9 am until noon today.

The next hearing will be on 12 November and the trial is expected to last at least 2 years as hundreds of witnesses have to give testimony.

The second witness, Sqdn Ldr Phachon, also said that in addition to his own investment, many people came through him to arrange investments with Mrs Chamoi. "I learnt about the Mrs Chamoi's fund from my superiors," Sqdn Ldr Phachon said.

"They did not say whether the investment was safe or not, but they said it was good to take a risk for high rate of return," he testified.

After Sqdn Ldr Phachon's testimony the court adjourned.

It was reported that the total amount of money involved was over 4,554 million baht, according to complaints lodged by 16,231 chit fund investors.

The Public Prosecution Department on 15 September first brought the case to the Criminal Court and officially charged her and the alleged collaborators. Mrs Chamoi and the others who face charges denied any involvement in any fraudulent "oil share" business.

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THAILAND

EDITORIAL CAUTIONS ON USSR TRADE

BI250355 Bangkok THE NATION in English 25 Oct 85 p 4

[Editorial: "Trade With Russia Will Pose Long-Term Problem"]

[Text] The Soviet Union has timed its pitch for increasing trade with Thailand extremely well. This is the time when we are finding it hard to export textile, garments, rice and sugar and the Soviet Union has offered to buy them. Although we believe the 'Jenkins Bill' is unlikely to become law, Thailand for 2 years has exceeded her quota for exporting textile and garments to the United States and we are facing a glut.

But there are some serious problems of trading with the Soviet Union because we do not have a state trading organization while the Soviet Union has a state monopoly on importing and exporting. But this is a problem that need not necessarily become too difficult to overcome. Another point, which neither the Soviet Embassy here nor the visiting delegation has clarified, is the method of payment for what they want to import from Thailand.

The Soviet Union, of course, has hard currency but almost all of it is used in buying wheat from Canada, the U.S. and Argentina. The items which Russia proposes to buy from us are not of desperate importance to them. Sugar is a case in point. It is a commodity on which the whole of Cuban economy is based and the Soviet Union buys the whole output and, since it does not need sugar in such large quantities, dumps them in the world market depressing it.

But there is no reason for Moscow to help Thailand's capitalist economy. So, naturally, she will offer barter arrangements trying to sell us machinery like tractors in exchange for the commodities they choose to buy. Thailand now buys machinery primarily from Japan and secondarily from Western Europe and the United States. It has been proved many times that Soviet machinery is vastly inferior to those from our traditional markets since their technology is high only in military-related equipment. How advantageous will such barter trade be to Thailand?

Even if there is some advantage, we must think about long-range consequences. When a country buys goods it does not need, then there is a built-in quid pro quo. First, there is the question of dumping the goods on the world market and the Soviet Union will suffer much loss as it does in buying Cuban sugar because the goods imported from Thailand will be on a barter basis. The second is more important--political penetration.

This was fully explained by National Security Council Secretary Prasong Sunsiri and he made his point clear that the Russians are hoping for political gains apart from trade benefits. According to him, through business contacts, the Russians will have a good opportunity to recruit agents of influence and by giving the business opportunities will try to use the executives of these companies to exert pressure on the government along pro-Soviet lines. Further the Russians have also proposed that Thailand should invite Soviet Deputy Prime Minister Yakov Ryabov who will visit Indonesia at the end of this month. Both Malaysia and Singapore, according to Prasong, have refused to issue invitations.

Prasong also points out correctly that the present level of trade does not warrant the establishment of a Thai-Soviet Chamber of Commerce. The Soviet Union already has trade representation here and, if a chamber of commerce is established, more Russians will come to Thailand which Prasong says will increase the burden on Thai security forces. Much thought along these lines is necessary before the Cabinet makes any decisions.

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CSO: 4200/190

THAILAND

OPEN LETTER TO EEC OFFICIAL CLAIMS UNFAIR TRADE

Bangkok THE NATION in English 24 Oct 85 p 17

[Article: "An Open Letter to Herr Von Verschuer"]

[Text]

THREE years ago, our Prime Minister visited the European Community and signed the Cooperation Agreement on Manioc Production, Marketing and Trade whereby we voluntarily restrain our exports to levels which are far below our production capacity.

It was stated at that time that the agreement would give us an assured market for tapioca pellets at least for the next four years and, if we want, on into the future.

Now, three years after the agreement has been in force, many of us in Thailand are angry.

• WE ARE ANGRY because while the word "cooperation" was used in the very title of the agreement, it has been we who have been doing the "cooperating." We have seen our processing plants, our loading facilities lying idle for many months. We have seen the incomes of our poorest farmers dwindle and witness them scurry down to Bangkok to find work in large numbers — just to remain solvent.

• WE ARE ANGRY at the discriminatory application of European trade policy. We recognize that imports of cereal substitutes, all cereal substitutes, are

causing problems for the Common Agricultural Policy. Yet it is us, the ones who have faithfully cooperated with you, who are being penalized, not the exporters of corn gluten feed and citrus pulp, mostly your rich cousins across the Atlantic. It is the poor in this country who pay for the growing trade that you are enjoying with the United States.

• WE ARE ANGRY at the blatant unfairness of the present agreement wherein the volumes to be exported by Thailand were to decline over the period of the agreement to a level which is approximately 60% of our production capacity. The agreements that the Community has concluded with Indonesia and Brazil on the other hand allow for considerable increases — and they are unable to fill even the present quotas.

• WE ARE ANGRY that the Community, after having obtained our cooperation, continued to pressure us with niggling problems, such as to reclassify something called pellets of tapioca flour. The purpose of this reclassification cannot be any other than to place the Community in a position to use administrative measures at any time to kill the trade, a

trade which you are committed by GATT and now by the Agreement, to maintain.

• WE ARE ANGRY at the imperial disdain with which you have treated our requests for extra quotas. You have unfilled quotas from other suppliers. To our request you transfer those to us, you have said no. You are expanding your Community to include Spain and Portugal, the latter already a significant importer and the former a potential importer. To our request that you expand our quotas for 1988 to include the requirements of these countries, you again said no.

• WE ARE ANGRY at forever being the supplicants asking for scraps of food from the great and powerful European Community. You and your colleagues need to be reminded that, by voluntarily restraining our

exports and by allowing you to get off the binding that you have with GATT, we are doing you a favour and not the other way round. For all the sufferings that our farmers, our processors and our traders have endured to allow your Common Agricultural Policy to work, we have received not even a word of thanks. Worse, many of your colleagues expect our gratitude for kindly allowing us to export to you when you know full well that you are committed to the international community to levy tariff on tapioca pellets at 6% without any quotas.

We believe that the agreement of cooperation as it stands is unacceptable and should under no circumstances be renewed.

We believe that if you need further cooperation from Thailand, you should expect no further sacrifices from us. We have done more than enough. It is the Community's turn now to reciprocate.

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THAILAND

DELEGATIONS TO ROK, DPRK HOPE TO INCREASE TRADE

BK290429 Bangkok THE NATION in English 29 Oct 85 z 18

[Excerpt] The Commerce Ministry has organized two trade delegations to visit North Korea and South Korea in a bid to expand trade relations. Both will be joined by private businessmen.

Deputy Commerce Minister Phairot Chaiyaphon will lead a team to North Korea during 15-19 November. They include representatives from the Thai Rubber Traders Association, UMC International Co Ltd and Eurasian Corp.

Commerce Minister Koson Krairoek will travel to South Korea in December to take part in a bilateral trade meeting. There was also a report that representatives from South Korea will be visiting Bangkok to buy Thai maize shortly.

Phairot said that Eurasian Corp will sign a trade agreement with North Korea to supply 400,000 tons of tapioca pellets for delivery next year. The company is committed to supply 200,000 tons of the product this year under a contract signed earlier. Both North and South Korea use tapioca pellets from Thailand under barter trade.

The system of trading with North Korea is by way of countertrade with Thailand importing mainly steel sheets. G.S. Steel Co Ltd has been the main buyer of North Korean steel through Hong Kong but this time the purchase will be direct.

The delegation will first travel to China to participate in the ASTAC Trade Fair on 12 November. Meanwhile, representatives of Ceroilfood of China will sign a contract to purchase 50,000 tons of sugar from Thai Cane and Sugar Corp today.

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THAILAND

RISK REPORT ON THAI ECONOMY

Part One

Bangkok THE NATION in English 10 Oct 85 p 18

[Article: "Risk Report On Thailand: 'Many Problems Lie Ahead' -- Part One Of Three]

[Text] **Part one of a series**

**Domestic economic prognosis  
General economic prospects  
Fifth Plan: The final race**

AS Thailand's Fifth National Economic and Social Development Plan approaches its final chapter in 1986, it becomes quite apparent that the economic growth target set in the plan will be considerably off the mark. The Thai economy during the Fifth Plan (1982-1986) is expected to grow at an average annual rate of around 5.3% instead of the 6.5% targetted in the Plan.

The global economic slowdown, increasing tendency towards protectionism by Thailand's major trading partners, chronic and structural trade deficits as well as rigidity in the domestic interest rate structure especially in the downward direction are major factors contributing to this underperformance. These problems will most likely continue for the remaining period of the plan and through the early part of the Sixth Plan (1987-1991). Consequently, the economic growth target in the Sixth Plan has been set at a lower average annual rate of around 5% throughout the plan.

To achieve the growth objectives prescribed in the Sixth Plan, with its emphasis on the promotion of employment, improved income distribution and the maintenance of continued economic stability, general guidelines have been established by the Economic Ministers as follows:

1. To adjust the economic and social structure of important sectors of the economy in continuation from the Fifth Plan. A search for new economic opportunities to facilitate the country's economic growth will also be emphasized.

2. To increase the competitiveness of Thai products in the world market by means of improving the efficiency and quality of the production process, technology employed and marketing strategies.

3. To systematically improve the economic management system in accordance with the country's fiscal capacity.

**Economic performance**

The Thai economy in 1985 as measured in real GDP will grow at a rate of around 5% instead of the 6.5% growth previously estimated. The world's economic downturn coupled with the rising protectionist trend abroad are the main external factors responsible for the slowdown

in the domestic economy. Moreover, the lower purchasing power of the agricultural sector, resulting from diminishing world commodity prices, also lessens the domestic demand for manufacturing products, leading to a declining GDP growth at home.

In order to tackle the present economic situation a special task force was set up by the prime minister on August 19, 1985. This special group consists of top officials from the National Economic and Social Development Board (NESDB), the Ministry of Finance, and the Bank of Thailand, headed by Dr Snoh Unakul, secretary general of the NESDB. Prime Minister Prem has instructed this group to prepare a detailed report and recommendation on the actual economic conditions and make a forecast of the economy for the rest of the year as well as the longer term picture.

The package will present an overall picture of the economy and list steps how the government can pull the economy out of the slump arising from declining purchasing power, revenue shortfalls, the downturn in private business and depressed prices for agricultural exports. Moreover, Finance Minister Sommai Hoontrakool is working on supplementary measures for boosting the economy in the short term. Specifics here will be announced shortly.

It remains to be seen whether this special task force will come up with any fruitful and practical solutions to solve the present economic problems. We fear that any recommendations or suggestions put forward by this group may be too little and too late to generate any significant impact on the existing economic situation. There is no doubt that the Thai economy this year will be slowing down. However, the expected economic growth of around 5% is still quite respectable and much better than many countries in the world.

Nonetheless, economic growth in the fourth quarter this year is expected to accelerate slightly in response to various interest rate cuts made by the Bank of Thailand (the central bank) and commercial banks. On July 26, 1985, the Bank of Thailand lowered its standard rate (discount rate) by 1.15 percentage points, thereby reducing the first tier interest rate from 12% to 11% and the second tier rate from 13.5% to 12% respectively.

The first tier interest rate is the standard rate the Bank of Thailand charges commercial banks for borrowings within prescribed limits, normally about 1% of each bank's total deposits. Borrowings over and above this limit will be subject to the second tier interest rate. The Bank of Thailand also cut its rediscount rate for finance companies promissory notes by two percentage points from 15% to 13%, this being the first interest rate reduction for finance companies since 1983.

The Thai Bankers' Association also slashed interest rates on loans to priority sectors (agriculture, industry, export, mining and wholesale business involving agricultural commodities) from 17.5% to 15.5% and for general loans from 19.0% to 17.5%. Since the second quarter, interest rates on loans have generally come down by 1.5-2.5 percentage points. In view of the sluggish growth of the past three quarters, these interest rate reductions are expected to be quite beneficial to the private sector as their interest cost is now lower than before. It is therefore anticipated that investment activities will gradually pick up at the end of this year. However, when we look at the economy as a whole for the year 1985, it is most likely that Thailand's economic growth will not grow by more than 5%, half a percentage point below our previous forecast and a decline from last year's 6.1% growth.

### Agricultural sector

The growth rate of the agricultural sector in the fourth quarter of this year is expected to continue at low level from the first three quarters due to deteriorating world commodity prices. Ovversupply together with the protectionist policies adopted by Thailand's major trading partners will continue to depress the domestic prices of major agricultural commodities. Sugar, tapioca, rice and maize have all been hit hard by adverse market conditions. Consequently, the agricultural sector will register a growth rate of around 2-2.5, close to our previous estimate, but much lower than the 3.5% growth in 1984.

Despite unfavourable price conditions, production of most major agricultural products have been quite abundant due to favourable

weather and inefficient market information and/or the lack of planning on the part of small farmers to adjust their production in anticipation of the world glut.

Rice production for the 1984/85 crop year is forecast to grow by 2.9% over the corresponding period last year. Total rice production is expected to be around 19.3 million tons.

In order to boost rice exports, the Bank of Thailand has agreed to provide long-term financing to rice exporters to enable them to sell rice on credit up to three years. This move will help exporters to be able to provide more competitive terms to their overseas buyers. Moreover, the Bank of Thailand has also raised the amount of funds exporters obtain from the facilities on their warehouse receipts up from 50% to 60% of each receipt's par value, effective from August 23 to December 23, 1985.

However, the extension of packing credit maturity from the normal period of 180 days to 1-3 years will be applicable only on a case by case basis, for exports to countries facing financial trouble like to the African countries or some countries in the Middle East. This measure is to be implemented only on a temporarily basis beginning on August 27, 1985.

Tapioca production in the 1984/85 crop year is estimated to total around 21.9 million tons, representing an increase of 20.3% from the previous crop year. The Thai government is presently encouraging exporters to find more outlets outside the EEC as Thailand has been granted an export quota to the Common Market of only 4.5 million tons for 1985.

Rubber production is expected to rise 5.3% from 1984 to 0.63 million tons due to the increasing replacement of high yield varieties for the existing low yield varieties. This variety replacement has been consistently implemented by the government for quite sometime.

Maize production is forecast to increase 18.6% from 1984 to 4.6 million tons. The expansion is largely in response to the higher domestic price in the previous year. Favourable weather coupled with increasing replacement of high yield for low yield maize varieties are also behind the increase.

As for the outlook for other agricultural commodities, tobacco production is estimated to be lower

than that in 1984 by around 17.3% due to unfavourable world price conditions. Mung bean production is expected to total 0.32 million tons, a 3.2% increase from 1984 thanks mainly to the government's price support measure. At the same time, the government has also been encouraging farmers to plant mung beans in place of tapioca. Increasing use of high yield varieties also contributes to the production increase. Shrimp production is forecast to rise around 20% from 1984 due to favourable price both in the overseas and domestic markets.

### Manufacturing sector

The manufacturing sector is anticipated to recuperate slightly in the fourth quarter of 1985 due to the lower cost of funds. The 1.5-2.5 per cent interest rate reduction on loans initiated by the commercial banks during the third quarter has provided a needed break for most industries.

However, for the whole of 1985, it is expected that the manufacturing sector will grow only 6-6.5 per cent instead of 6.8 per cent as we previously anticipated. Our revised estimate is based on the fact that most major industries performed quite badly during the first seven months. This was attributable to the low purchasing power in general and the previously existing high interest rates. It is worth noting that the effective crackdown on illegal chit fund activities has to a large extent eliminated the demand for luxury items artificially created in the past by prospects of unrealistically high interest incomes.

As these unorganized money market games involve a lot of people and tens of billions of baht, the return by participants to the normal way of living will bring total aggregate demand down to a more moderate level.

Industries that depend largely on the domestic market will be hardest hit by the existing economic slowdown during the fourth quarter of this year. Diminishing purchasing power coupled with the ongoing restrictive monetary and fiscal policies are the main factors responsible for the difficulties prevailing in these industries.

Electrical appliances, automobiles, liquors and cigarette are among industries severely affected.

Preliminary estimates indicate that the sales volume of these industries declined by as much as 50 per cent during the first seven months of this year. However, necessary manufactured products such as detergents, soaps and toothpastes were still doing reasonably well during the same period.

Despite the global economic downturn, highly competitive world markets as well as increasing protectionist policies adopted overseas, exports of manufactured products are still growing at a satisfactory rate. Canned pineapples, canned food especially canned tuna fish, jewelry, ready-made garments, toys, shoes, plastic products, artificial flowers, leather products and integrated circuits were among the top exporting industries that performed quite well during January-July of this year. Export growth of these industries went up between 15-50 per cent during the mentioned period as a result of a more competitive price derived from the November 5, 1984 devaluation.

### **Construction**

Construction activity will worsen in the fourth quarter of this year. Most of the big construction projects which were started a couple of years ago such as big shopping complexes and first-class hotels were completed by early 1985. The ongoing construction projects are relatively small and few in number.

During the first seven months of this year construction grew by only 3.2 per cent compared with a growth rate of 5.2 per cent in 1984. Growth for 1985 will be less than 4 per cent. The construction for government projects will rise only 3 per cent in 1985 compared with the 9 per cent growth in 1984. The zero-growth budget policy adopted by the government as well as the domestic economic slowdown are the major factors responsible for the declining trend in the construction sector.

### **Investment**

Investment activities in the fourth quarter of 1985 are expected to pick up slightly due to the reduction of local interest rates on loans since the end of the second quarter of this year. These rate cuts should provide some incentives for investors to revise their production and marketing strategies.

At the same time, the government has continually sent out special teams, headed by a deputy secretary general of the Board of Investment and senior executives from the private sectors in an effort to promote foreign investment in Thailand. Moreover, it is likely that the government may restructure and lower local gasoline prices in compliance with increasing pressures from the private sectors. The anticipated decline in the gasoline prices would provide an added incentive for investors to increase their activities.

### **International trade**

The international trade scene is anticipated to do less well than in our previous estimate. Exports are forecast to grow at a slower pace whereas imports will continue to increase, resulting in a larger trade deficit than in our prior estimate.

Total exports will be around 203 billion baht, an increase of 15.8 per cent from 1984. Imports, on the other hand, are expected to grow by 11.4 per cent over 1984, totalling 273 billion baht. Consequently, Thailand's balance of trade deficit in 1985 will be around 70 billion baht, roughly the same as last year.

The persistent decline in world commodity prices, increasing protectionist policies adopted by Thailand's major trading partners as well as the existing highly competitive world markets are the major factors contributing to the deteriorating trade deficit position. Moreover, the import structure which is heavily dependent on necessary imports items such as fuel, capital and intermediate products makes it quite difficult for Thailand to reduce its imports to a greater extent.

During the first seven months of 1985, 115 billion baht worth of goods were exported whereas imports totalled around 159 billion baht. The trade deficit therefore amounted to 43 billion baht, 3 billion baht more than in the corresponding period last year. However, the balance of payments registered a surplus of around 4.6 billion baht, 5.4 billion baht less than last year, due to a smaller gain in transfers and capital inflows.

### **Inflation**

The inflation rate in 1985 will be only around 4.0 per cent, 1.0 per

cent less than our previous estimate. The smaller than expected inflation rate is due largely to the stable commodity prices at home. Manufacturers are reluctant to increase their sales price for fear of losing their market share due to the highly competitive situation. At the same time the current excess supply of most agricultural products also lowered the domestic prices of agricultural commodities. The low and stable commodity prices are expected to remain through the rest of the year. The inflation rate for the first seven months of this year was only 2.5 per cent.

### Monetary conditions

The Thai monetary authorities have somewhat eased their monetary policy since the middle of June this year. The Bank of Thailand cut its standard rate by 1.1-1.5 percentage points. Consequently, commercial banks slashed their interest rate on loans by 1.5-2.5 percentage points and interest rate on deposits by 0.5-2 percentage points depending on the types of deposits. The purpose of these various interest rate cuts was designed to bring local interest rates in line with the existing slow-going economic situation.

Commercial banks look forward to interest rate cuts as a means to attract more customers to borrow, thereby reducing the excess liquidity in the banking system. During the first seven months of 1985, Thai commercial banks extended their loans at a monthly average of around 3.5 billion baht compared with 5.2 billion baht for the corresponding period last year. At the same time, domestic deposits were coming into the commercial banking system at a monthly average of 5.2 billion baht compared with 5.9 billion baht in 1984. As the flow of deposits outpaced the amount of loans extended, the banking system continued to be faced with excess liquidity problems. The loans-to-deposits ratio declined from 94.8 per cent in January to around 91.4 per cent in July.

For the fourth quarter of 1985, the excess liquidity condition will gradually improve, as the newly-issued government bonds have already absorbed 5,000 million baht and credit extended by commercial banks will pick up

slightly. Meanwhile, deposits are expected to flow in steadily despite the decline in interest rates on deposit. It is anticipated that domestic deposits will grow around 15 per cent in 1985 whereas commercial banks loans will increase by around 12 per cent.

At the time of this writing, some senior government officials and business executives are predicting "gloom" for the future 2-3 years.

### Fiscal conditions

In an attempt to limit expenditure growth in view of declining total revenue, the government has decided to pursue a very restrictive fiscal policy. For example, the 1985's budget expenditure was revised down by 4,000 million baht from the 213,000 million baht previously set aside to 209,000 million baht. For FY 1986, the government's belt-tightening programme calls for a zero-plus growth in the budgetary expenditure, which is set at 218,000 million baht or only 4.3 per cent higher than the present year's 209,000 million baht. In real terms, the expenditure growth will probably show a negative figure.

This fiscal austerity measure will unavoidably have negative repercussions on the general economic performance. Particularly, that 85 per cent of the budget has been set aside for regular expenses (such as debt repayments, salaries, wages, office equipment and others) means that only 15 per cent of the budget is left for development purposes. Out of this small slice, only a little more than 600 million baht is earmarked for investment in new projects. This adds another constraint to the economic growth equation which is already affected by other limitations. As a result, unemployment will pose a bigger problem, probably reaching two million persons in 1986.

Looked at from another viewpoint, this austerity move is necessitated by the country's growing external debt. At the end of 1985 total external debt outstanding is expected to reach US\$13.5 billion, of which the public sector accounted for US\$8,300 million and the private sector US\$5,200 million. These figures, however, include about US\$1,900 million of short-term debts (with maturities of less than one year) which are traditionally excluded from external debt statistics.

Government budget deficits are often cited as the main cause of the chronic trade and payment deficits. Since the Fourth National Economic and Social Development Plan, state enterprises have been relying on external borrowings to finance particularly the Eastern Seaboard and other capital intensive projects. Public external debt increased rapidly from 10 per cent of GDP in 1977 to 30 per cent GDP in 1984. The debt service ratio reached a watershed level of 20 per cent of the country's foreign currency earnings by the end of last year. It is expected to remain at the 21 per cent area until 1987, with the government's debt service ratio as high as 11 per cent before dropping back to the External Debts Committee's guideline ceiling of 9 per cent in 1989. By that time, Thailand's debt service ratio should be back to a more comfortable range as the government has been slowing down external borrowings for 3-4 years.

- **THIS IS a Quarterly Risk Report on Thailand prepared by Hong Kong-based Political & Economic Risk Consultancy Ltd. It concerns with forecasting macroeconomic trends such as GNP growth, inflation, exports, imports, Investment conditions, the impact of official regulation and policy changes, and foreign exchange rate developments.**

**The company also monitors and predicts political trends which could affect the operations of foreign and local investors, traders and bankers.**

## **QUARTERLY COUNTRY RISK SURVEY ON THAILAND**

#### **Outlook for 4th quarter of 1985 through 1st quarter of 1986**

	4Q7 83	3Q7 83	Weight	4Q7 83	3Q7 83	Weight	4Q7 83	3Q7 83
<u>GENERIC RISKS</u>	<u>Rating</u>	<u>Rating</u>	<u>Ratio</u>	<u>Rating</u>	<u>Rating</u>	<u>Ratio</u>	<u>Total</u>	<u>Total</u>
Socio-Political	0.1728	0.1931	0.333	0.333	0.333	0.333	0.0375	0.0510
Domestic Economic	0.2018	0.2047	0.333	0.333	0.333	0.333	0.0672	0.0682
External Economic	0.1609	0.1934	0.333	0.333	0.333	0.333	0.0336	0.0651
TOTAL	"	"	"	"	"	"	0.1703	0.1843

(Note : 0 = Outlook for next six months; X = rating in preceding survey)

This report is structured around our risk rating model. Selected indicators are divided into three categories, namely, socio-political, domestic economic and external economic. Each indicator is graded from 1 (the best possible) to 10 (the worst). Weights are assigned to each category as well as to indicators within each category and indicate the relative importance in terms of risk we attach to any one category or indicator at the time of this survey. There is no upper limit to the weighting scale for indicators, and both grading and weights can change from one survey to another to reflect the change in conditions as perceived by our analysts. The sum of the weighted indicators is then converted into a decimal figure (reported at the top of this page), where risk is rated on a scale of 0 (no risk) to 1 (very high).

The period on which our forecasts concentrate is from the beginning of the fourth quarter of 1985 through the end of the first quarter of 1986.

## SUMMARY OF MAJOR PREDICTIONS FOR 1985

1. Real GNP Growth	3.0 %
2. Inflation	4.0 %
3. Exports	US\$7.52 billion
4. Imports	US\$10.11 billion
5. Trade Deficit	US\$2.59 billion
6. Current Account Deficit	US\$1.99 billion
7. Balance of Payment Surplus	US\$74 million
8. Prime Interest Rate (year-end)	14.5 %
9. Exchange Rate (baht per U.S. dollar at year-end)	Baht 27.00:US\$1
10. International Reserves (year-end)	US\$2,700 million

## WHAT TO WATCH OUT FOR

1. The trade deficit for 1985 is revised up from our last quarter's estimate to US\$2.59 billion, still a US\$385 million improvement over last year. The revision is due to unexpected adverse market conditions for rice, sugar, maize, tapioca products and rubber. The balance of payments surplus will also be revised down to US\$74 million compared to US\$450 million in 1984. The country's foreign exchange reserves will remain at a comfortable US\$2,700 million.

2. The economic growth rate will be officially revised down to not more than 5 per cent. Although growth should pick up in the last quarter due to the stimulatory impact of lower interest rates, the economy will continue to run in low gear both this year and next.

3. Inflation will not be as much as expected. The increase in prices was only 2.5 per cent in the first seven months and is expected to be around 4 per cent for the year. The domestic price of oil might be reduced to stimulate the economy.

4. Interest rates may fall another one percentage point, although a further reduction in general loan rates is unlikely this year. What lowering that takes place will be selective and confined to priority sectors like agriculture and exports.

5. It looks as though the tax on interest income will be postponed until the end of next year. It is quite certain it will not come about before the end of this year.

6. The fiscal policy will remain restrictive at least until 1986. Due to serious fiscal difficulties and the zero-growth budget, there is no more room to reduce the government expenditure. We, therefore, foresee further increases in tax rates and adjustments to widen the tax base.

7. Although several economic portfolios have changed hands at the ministerial and deputy ministerial level, the positions of Finance Minister Sommai Hoontrakool is still strong. There will be a shift in the emphasis in monetary and fiscal policy under

his direction, with the aim of shaking the economy out of its lethargic state. However, no radical changes in policy are likely (even if Mr Sommai were to retire) and management of both monetary and fiscal policies will remain conservative.

8. Military reshuffle will pose less problems to the government as Gen Arthit's military tenure is extended for one more year. Two officers to watch are Generals Chaovalit and Pichitr. The race between these two men to succeed Gen Arthit as Army Commander-in-Chief is still too close to call, although Gen Chaovalit has been quietly scoring big political points lately.

9. For the rest of the year, the baht/dollar exchange rate will remain in a narrow range of baht 26.0-27.0 per dollar.

## Part Two

Bangkok THE NATION in English 11 Oct 85 p 18

Article: "Limits On Balanced And Stable Economic Growth" -- Part Two of Three

Text **Part two of a series**

### Fiscal policy

Prospects are still bleak for the fiscal policy during the last quarter of 1985 (which is also the first quarter of the 1986 fiscal year beginning on October 1, 1985). Belt-tightening policy measures will inevitably need to be continued in face of manifold limitations. Tax collections from the three main departments, namely, Revenue Department, Excise Department and Customs Department, which account for around 85 per cent of the total revenue collected from taxes, are expected to fall short of the target due to the persistent slowdown in the domestic economy. Consequently, the government will continue to be cautious and stringent with its spending; the budget (outside of defence) will be allocated according to priorities. On the whole, expenditure growth will be limited to the government's ability to collect taxes and other revenues. Finance Minister Sommai Hoontrakool warns that more measures will be taken to maintain the country's fiscal and monetary stability.

As mentioned in our last survey, at the grass-roots of Thailand's trade and payments problems are the past overspending by the government and government enterprises, outpacing domestic savings and leaving a large resource gap to be financed by borrowed foreign funds. To tackle the problem pointedly, imbalances

in various aspects of the economy will have to be reduced by fiscal means, such as restrictive tax measures and reduction of expenditure of the government and state enterprises. Moreover, measures to mobilize public savings are needed to maintain stabilized economic growth in the long run.

### Directives for the fiscal policy under the Sixth Plan

Restrictive government spending, improved efficiency in tax collection and stringent borrowing programmes are among the major characteristics of the government's fiscal policy incorporated into the Sixth Plan (1987-1991). Details of the fiscal plan are as follows:

1. To contain budget deficits within a sustainable level and aim to finance the deficits by borrowing only from sources which would not generate inflation such as borrowing from the private sector and the government savings bank.
2. To improve government debt management with a coordinated view on both domestic and external debt formation.

3. To limit the government external debt service ratio to within 9 per cent of the country's foreign exchange earnings. External debt consideration must cover both the public and private sector and the country's capacity to repay.

4. To limit defence spending to a manageable level in line with the country's economic and financial strength.

5. To reform and simplify the tax structure with an aim to expand the tax base so as to increase tax revenue and create better income distribution.

6. To consider taxing the state-enterprises and BOI-promoted firms which normally receive exemption from income, sales and customs taxes. The purpose is to promote fair competition and difficult utilization of resources and increase government revenue.

7. To increase the efficiency in tax collecting through the development of related institutions, instruments, mechanisms and personnel.

8. To set up a proper accounting system revealing the actual financial position of the government, state enterprises and local administrative bodies for the purpose of planning and determining the limits of responsibility of each particular institution.

9. To restructure the tax system in order to promote domestic investment by lowering the tax rates and encourage fair competition among small and big businesses.

During the Extraordinary Parliamentary Session which began on September 12, 1985 to deliberate the Budget Bill for 1986, we expect the bill to sail through its second and third readings without difficulties. The newly approved bill will then be operative for fiscal year 1986 starting on October 1, 1985.

The expenditure budget for 1986 is based on the zero growth budget concept. Total government expenditure is set at 218 billion baht, a 4.3 per cent rise from the 1985 fiscal year. If inflation is taken into account, the government expenditure will display a zero or a small negative growth. The ratio of government spending to GDP will decline from 19 per cent in fiscal year 1985 to around 17.4 per cent for fiscal year 1986. Of the total government expenditure of 218 billion baht, 50.7 billion baht or (23 per cent of total expenditure) be used for loan repayments, leaving the actual amount of only 167.3 billion baht to be spent by the government for other regular expenses (such as wages, salaries, office equipment etc.) and a 15 per cent portion for investment.

During the fiscal years 1980-1984, the government's actual expenditures have always outweighed actual receipt leading to an

accumulated government budget deficit of around 155 billion baht. For FY 1985-FY 1986 the total amount of budget deficits is expected to be around 80 billion baht, making the total outstanding government deficit of around 235 billion baht at the end of FY 1986.

The persistent rise in the budget deficit has been a great concern to the government since an increasing amount of the budget needs to be channelled out for debt repayments.

For FY 1986, debt repayments of 50,719.3 million baht are the biggest item on the list, accounting for around 23.3 per cent of the total expenditures. Of this total amount of the debt repayment budget, 36,886 million baht or 73 per cent is earmarked for interest repayments. This has clearly shown that government has spent far beyond its means during the past several fiscal years.

Sectoral breakdown of the government expenditure reveals that the share of the productive sectors, namely, economic, education and public health, has consistently declined from 53.7 per cent in FY 1984 to 46.1 per cent and 44.8 per cent in FY 1985 and FY 1986 respectively. However, the shares of loan repayments and defence spending have been on the rise. The defence budget during FY 1980-FY 1986 averaged around 20 per cent of the total government expenditure whereas loan repayments rose from 10.8 per cent in FY 1980 to 23.3 per cent in FY 1986. These two unproductive sectors combined together account for around 42.2 per cent of total expenditure in FY 1986.

The existing economic slowdown makes it very likely that tax collection during the FY 1986 will not meet the target, particularly given that indirect taxes account for around 75%-80% of total government revenue.

During FY 1985, it is almost certain that the budget deficit will be higher than the 35 billion baht targetted in the plan. Revenue collected during the first nine months of FY 1985 rose only 5.2% from that of the corresponding period last year compared with a revenue growth of 19% and 11.4% for FY 1983 and FY 1984, respectively. The decelerating trend is due to the shortfall in income and business taxes collected during the period. Moreover, some import duties have been abolished. Export

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taxes for some products have also been lowered to encourage more exports and the amount allowed for income tax deductions has also been raised.

In contrast, the trend of expenditures is accelerating. A total of 142,926 million baht or 57.6% of the total expenditure has already been disbursed during the first nine months of FY 1985. This represents an increase of 12.3% from the corresponding period last year compared with growth rates of 8.6% and 7.5% for FY 1983 and FY 1984.

Consequently, due to revenue shortage, the budget deficit will continue to be one of the major problems in FY 1985 and FY 1986. Tax collection for FY 1985 is anticipated to total around 156 billion baht or 20 billion baht short of the target. Furthermore, the tax restructuring which took place in April 1985 is anticipated to add to the present deficit by around 2-3 billion baht. The total government deficit in FY 1985 is expected to be around 23 billion baht.

In order to increase the government revenue and lessen the pressure on the government deficit, the Revenue Department announced the period from August 15-September 30 as a tax amnesty period for the late payment of outstanding tax bills. The objective is to collect additional revenue to help finance the budget deficit.

The tax amnesty programme is not new to Thailand as it was implemented two years ago during a three-month period and collected about 1.8 billion baht. For this time, as the period is shorter, the government is expected to gain around one billion baht.

In addition, the Revenue Department has also allowed those who would like to pay the outstanding tax in the amount of more than 500,000 baht by instalments, to pay the first portion when the application to take part in the amnesty is submitted. The remaining instalments will have to be paid by November this year, with a 1.5% additional fee per month.

Meanwhile, the government is seeking a Structural Adjustment Loan (SAL) from the World Bank for the third time. The first SAL loan of US\$150 million was spent in setting up area tax offices, reafforestation and land development; while the second SAL was used for improving agriculture, export promotion and tax collection.

However, some of the measures taken by the government under the first and second SAL loans have not yet fully paid off — especially in the areas of tax collection and export promotion. Thai exports have not improved enough while the tax collection process is still far from being considered effective.

The third SAL loan was given approval by the cabinet in May 1985, permitting the Minister of Finance to obtain some US\$175-200 million baht from the World Bank. For this, the government has agreed in principle to the World Bank's recommendations to adjust public resources management, export and trade policies and savings mobilization policy.

According to the World Bank's recommendations, public resources management adjustment will cover revision of the tax structure, new debt management policies for the state enterprises and the government. The tax structure should be adjusted in such a way that the income elasticity of taxes is raised to above one, so that more taxes can be collected when the gross national product rises.

Export development and trade policy will cover such important areas as marketing strategy, duty adjustment and tax refunds.

Financial resources mobilization is considered by the World Bank as necessary because the saving rate in Thailand is too low. The recommendation involves development of the capital market and improvement of financial institutions so as to help mobilize long term funds for long term investment.

Informed sources have expressed similar opinions that the scope of the World Bank's recommendations is far-fetched and will require a long period of adjustments, given the institutional and financial constraints.

### Monetary policy

The Thai monetary authorities will continue to relax the monetary policy during the fourth quarter of this year provided that it will not induce any adverse effect on the country's balance of trade and payments position. Money supply will grow at a relatively slower pace in line with the existing slowdown in the domestic economy. It is anticipated that M1 and M2 will

grow only 7.8% and 14-15% in 1985 compared with 11% and 19% respectively for the corresponding period last year.

The need for a more relaxed monetary policy has been quite evident since the second quarter of this year. The outcry of businessmen for lower interest rates in line with international rates became increasingly strong. They blame the government for prescribing unnecessary strong medicine, tight monetary and fiscal policies, for curing the country's ailing balance of trade problem. The tight monetary and fiscal policy adopted since the end of 1984 has put the brakes on economic growth. Business activities expanded at a very slow rate, especially, for domestic investment activities, due to the prohibitively high cost of domestic funds.

In order to help ease the burden faced by the private sector as well as to stimulate economic growth, the Bank of Thailand on July 26, 1985 cut its discount rates by 1-1.5 percentage points, thereby reducing the first-tier interest rate from 12% to 11% and the second-tier rate from 13.5% to 12%. The first-tier interest rate is the standard rate the Bank of Thailand charges commercial banks for borrowings within prescribed limits, normally about 1% of each bank's deposits. Borrowings over and above this limit will be subject to the second tier interest rate. The Bank of Thailand also cut its rediscount rate for finance companies promissory notes by two percentage points from 15% to 13%. This was the first interest rate reduction for finance companies since 1983.

The initiation by the Bank of Thailand made it possible for commercial banks to reduce their interest rates on both loans and deposits. Interest rate on loans to priority sectors (agriculture, industry, exports, mining and wholesale trade concerning agricultural commodities) and general loans have been slashed by one percentage point from 16.5% and 18.5% to 15.5% and 17.5% respectively. Interest rates paid on 3- to 6-month and 1-year deposits, have been lowered by 1.5 points from 12% and 12.5% to 10.5% and 11% p.a. respectively. Savings deposits now earn 8.5% p.a. instead of 9.0% p.a. previously. These interest rate reductions were made effective on August 2, 1985. Since

June 17, 1985, interest rates in Thailand have generally come down by 1.5-2.5 points.

It is estimated that commercial banks' credit will expand by 13,000 million baht with this interest rate reduction. Bank earnings will decrease by 1,200 million baht for the last five months of 1985, as interest earnings from loans will be lowered immediately while interest rates offered on deposits only applies to new deposits and will not have any effects on old deposits until after maturities.

Furthermore, in order to create self-discipline in fund management as well as to ease the burden on interest cost of commercial banks, the Bank of Thailand issued a circular stating that monthly interest payments not only increased the operating cost of the commercial banks but also obstructed the development of financial instruments and the country's money market. Therefore, monthly interest payments should cease as of August 2, 1985.

The prohibition of monthly payments was recommended by the Governor of the Bank of Thailand, Kamchorn Sathirakul, who would like the commercial banking system to become more dynamic. The governor perceived that monthly payments were merely designed to maintain the banks' shares of deposits. This practice would lead to inflexibility in making interest adjustments for loans. It is estimated that the monthly payments increased banks' costs by 1-1.2 per cent and the practice was habitual and contrary to sound fund management.

The monthly interest rate payment is not new to the Thai banking scene. Historically, it was first started in 1980 when the banking system developed two to five-year time deposits. At that time the interest ceiling on deposits of one to three years was 12%. For three to five years the ceiling was 13% and for five years up it was 14%.

For fear that these types of deposits would not be attractive, they permitted payment of interest every year instead of waiting for the deposits to mature. When five-year deposits were abolished, monthly interest payment became more common. Commercial banks therefore resorted to monthly payments to attract deposits.

The recent announcement of the Bank of Thailand forbidding commercial banks to pay monthly interest drew wide-ranging criticism from the public as depositors will lose their monthly earnings from interest incomes. Moreover, the idea of ceasing monthly interest payments was not unanimous among the cabinet members. Deputy Minister of Finance Amnuay Yosuk came forward to voice his opinion against the Bank of Thailand announcements.

Meanwhile, as soon as commercial banks started to cease monthly payments, their customers with contracts which specified that kind of payment reacted. The Thai Bankers' Association, therefore, had to submit a letter to the central bank seeking relaxation of the rule on the deposits which were committed to monthly payments prior to August 2, at least until the terms of those deposits expire.

The Thai Bankers' Association estimated that the prohibition of monthly interest payments would prevent the estimated amount of around three to four thousand million baht from flowing out of the system. Of the approximately 500,000 million baht deposits in the commercial banking system, about 300,000 million baht is in time deposits. If these were to receive monthly interest payments, the bank would have to set aside three to four thousand million baht every month. However, there is some concern that funds will flow out of the banking system into finance companies which are not bound by this ruling. The net benefit of this measure remains to be seen in the future.

On the commercial banking scene, excess liquidity is still the name of the game. In July, commercial bank loans declined by 2,000 million baht from an outstanding total of 503.2 billion baht at the end of June. The decline was 3,000 million baht in Bangkok, but lending in the provinces rose 1,000 million baht. Deposits in July rose 1,500 million baht from a total of 525.1 billion baht at the end of June. Deposits rose 1,200 million baht in Bangkok and 300 million baht in the provinces. Commercial banks, therefore, still have a reasonable level of liquidity. Moreover, the introduction of limits on overdraft facilities at 50 million baht for each applicant has led to a substantial decline when the overdraft portion dropped from

46.4% in three months to 44.9% of total lending. Meanwhile, lending through term loan accounted for 27.6% of the whole system, up from 26.1%.

For the remaining quarter of 1985, it is estimated that deposits will continue to flow in at a slightly slower pace than the previous quarter. The new and lower interest rates on various types of deposits and the ceasing of monthly interest payments will cause some outflows of funds to big and bank-supported finance companies. Deposits at end-1985 are therefore anticipated to be around 15% higher than their year-earlier level. This would compare with a 21.7% growth in 1984.

On the credit side, commercial bank loans for the fourth quarter of 1985 are forecast to grow at a slightly higher pace than the previous quarter due to recent interest rate reduction on loans. For all of this year, loan growth will still be slower than in 1984. We are looking for a loan expansion rate for 1985 of around 12% vs 18.2% in 1984.

In order to cope with the declining profits, commercial banks must therefore try to reduce expenses, especially operating costs. A recent move by commercial banks toward this cost-cutting direction was the announcement made by the three leading banks namely, Bangkok Bank, Thai Farmers Bank and Siam Commercial Bank to halt "useless competition." These three banks agreed in principle to stop unnecessary competition and join hands to provide a joint service through fund transfer machines at points of sales.

Currently, several commercial banks in Thailand compete heavily to be the best servicing bank by bringing new banking technology into the system. The craving for new technology has intensified the already fierce competition existing in the banking system biting into each bank's capital investment budget. At the same time, it has also worsened the country's balance of trade as all of the new technology has to be brought in from abroad.

Fund transferring through SWIFT (Society for Worldwide Interbank Financial Telecommunications) is also seen as another cost-saving aspect of commercial banks. Commercial banks in Thailand, which belong to the SWIFT network, will be able to process

interbank financial transactions and communications with other banks worldwide within a few seconds through the SWIFT regional processing in Thailand beginning on September 23, 1985. SWIFT operates a very specialized data processing and telecommunications system to process interbank financial transactions.

In view of declining profitability due to the economic slowdown, commercial banks will also have to focus more on the income earning aspect by introducing new services into the banking system. A recent example of such new service introduced was the Thai Baht Option (TBO) offered by the Thai Farmers Bank.

TBO can be described as a "double cushion instrument" against the persistent fluctuations of foreign exchange rates. The TBO will offer clients the right to take advantage of the exchange rate on the day the contract expires by giving clients flexibility to choose between a TBO contract or rates. For example, if the TBO contract is concluded at 27 baht per dollar today and due for payment in 15 days, clients will have an option to use the spot rate on that day which may be fixed at say 26 baht per dollar two days earlier or the TBO contract rate if the spot rate exceeds 27 baht per dollar and vice versa. Clients will pay extra fees on top of the forward contract fees to retain the TBO service.

The TBO will initially be made available to importers and borrowers of offshore funds denominated in US dollar. If this service proves to be successful, it will be offered later to exporters. After the TBO was introduced to the market by the Thai Farmers Banks, Mercantile Bank began offering cross currency options in addition to the TBO.

The direction of the monetary policy for the remaining period of this year is expected to focus around export promotion and economic stabilization. The interest rate on general loans is expected to stay at the existing rate of 17.5%. The

central bank fears that any more reduction in the interest rate will overly stimulate the economy leading to higher demand for imports and a greater trade deficit. A further reduction in the interest rate on general loans is quite unlikely for the remaining of this year as the impact of the previous interest rate reductions on August 2, 1985 is still not yet known due to insufficient information received from commercial banks.

However, it is possible for the monetary authorities to reduce interest rates for agricultural or agro-based products to stimulate exports. The lines of credit given by the Bank of Thailand under rediscount facilities through commercial banks to exporters of some agricultural commodities at a low interest rate may be increased further.

In a new move to boost rice exports, the Bank of Thailand has provided long-term financing to rice exporters to enable them to sell rice on credit up to three years. The value of rediscount facilities given to exporters against the warehouse receipts has also been raised from 50% to 60% of each receipt's nominal value to help share the burden borne by rice exporters.

As of the end of July, the Bank of Thailand provided a total of 48,581 million baht as packing credits to exporters. Of this, 7,050.70 million baht was granted to rice exporters, including 2,544.83 million baht in the form of packing credits granted on warehouse receipts. It is expected that the additional credits to be extended by the central bank against warehouse receipts under the new regulation will amount to about 250 million baht.

The Bank of Thailand will announce more measures along this line to help boost other agricultural and agro-based exports during the remaining period of the year. Further interest rate cuts for the priority sectors as well as prime customers may also be possible. However, it is unlikely that the interest rate on general loans will be reduced further.

**THIS is a Quarterly Risk Report on Thailand  
prepared by Hong Kong-based Political & Economic Risk Consultancy Ltd. It concerns with forecasting macroeconomic trends such as GNP growth, inflation, exports, imports, invest-**

**ment conditions, the impact of official regulation and policy changes, and foreign exchange rate developments.**

**The company also monitors and predicts political trends which could affect the operations of foreign and local investors, traders and bankers.**

BALANCE OF PAYMENTS (Millions of Baht)				
Item	1982	1983	1984	1985 Jan-July
Trade balance	-36,136.7	-49,237.1	-70,000	-43,826
Exports	197,203.4	149,076.1	174,000	114,227
Imports	193,339.6	234,313.2	244,000	150,133
Services and unrequited transfers	12,998.5	21,135.0	20,300	15,620
Current account	-23,138.2	-46,172.1	-49,700	-28,286
Capital movement	38,343.2	34,097.2	57,934	29,138
Private	17,270.7	18,083.1	42,000	16,864
Government	21,074.5	16,014.0	15,934	12,374
S&P's	208.4	488.0	--	--
Errors and omissions	-11,892.7	-13,526.9	2,354	3,284
Balance of payments	3,314.3	-18,078.0	50,388	4,636

  

DEBT SERVICE RATIO			
End of Period	Public (%)	Private (%)	Total (%)
1980	5.3	9.5	14.8
1981	7.8	7.2	15.0
1982	8.9	7.7	16.6
1983	10.2	9.2	19.4
1984	10.2	10.0	20.2
1985*	10.4	10.2	20.6

  

\* estimate

  

INTERNATIONAL RESERVES (Billions of U.S. dollar)		
End of Period	\$	% Change
1980	3,026.1	+3.3
1981	2,726.1	-10.9
1982	2,631.8	+3.7
1983	2,593.1	-1.4
1984	2,688.4	3.4
January	2,694.0	-1.3
February	2,671.0	-3.4
March	2,652.0	-0.7
April	2,660.0	3.0
May	2,609.0	-2.1
June	2,670.0	+2.4
July	2,667.0	-0.3
August	2,632.0	-2.3
September	2,657.0	+2.8
October	2,571.0	-3.1
November	2,610.0	15.6
December	2,668.4	+1.9
1985	2,549.0	-4.1
January	2,617.0	+5.4
February	2,677.0	2.2
March	2,677.0	0.0
April	2,686.0	0.3
May	2,602.0	-3.0
June	2,677.0	12.6

### Part Three

Bangkok THE NATION in English 12 Oct 85 p 19

**Article: "Thailand's Trade Deficit Will Worsen This Year" -- Part Three of Three**

**[Text] Last part of a series**

#### **EXTERNAL ECONOMIC PROGNOSIS**

##### **Trade, current account and balance of payments prospects**

Thailand's trade and current account deficits as well as the overall BoP for 1985 will be worse off than we previously predicted. Major factors contributing to the deterioration are the global economic slowdown, declining world agricultural prices, rising protectionist policy of Thailand's major trading partners as well as the prevailing increasingly competitive world market situations.

The balance of trade and payments are anticipated to worsen from US\$2.07 billion deficit and US\$182 million surplus in our previous survey to a deficit of US\$2.59 billion and a surplus of US\$74 million respectively. In addition, we have revised our forecast for the current account deficit from US\$1.44 billion to around US\$1.99 billion.

Thai exports benefitted a great deal from the November 1984 devaluation. Without it and in face of adverse market conditions as mentioned, Thailand would not have fared so well. Exports during the first seven months totalled 114,227 million baht, an increase of 16.2% from the like period last year. Rice, maize, tapioca products, rubber and sugar accounted for around 90% of total agricultural exports (or 40% of total exports) valued at around 40,000 million baht during the first seven months of 1985.

Rice exports totalled 2.3 million tons and were valued at around 14 billion baht, representing a decline in volume and value of 4.8% and 1.2% respectively. The decline in rice exports was attributable to the high competitiveness of the world market and the fact that a number of countries like Indonesia have become

increasingly self-sufficient. Moreover, the supply glut also forced the world rice price to stay at a relatively low level.

Tapioca exports totalled 3.8 million tons worth 8,204 million baht, an increase in quantity of 10.7% and a decline in the export value of 13.7%. The decline was attributable to the decrease in world tapioca prices and diminishing quota imposed on Thai tapioca by the EEC.

A total of 341,970 tons of rubber valued at 6,934 million baht were exported in January-June. Both volume and value rose by 37% and 15% respectively from the corresponding period last year. The average price of rubber has declined from US\$2,131 per ton during the first six months of 1985 to around US\$1,632 per ton for the like span in 1985.

Sugar exports grew by 33.6% and 23.5% in volume and value compared with the like period last year. However, for the fourth quarter of 1985 the price of sugar is expected to decline further, thereby making it very difficult for the problem plagued sugar industry to repay their first loan instalment of US\$23.4 million to banks.

Prospects seem bright for the export trade of cuttlefish, squids and octopus because of growing confidence among importing countries in Thai products. Total exports of 20,948 tons of cuttlefish, squids and octopus worth 879.4 million baht were accounted for during the first half of 1985 against 18,149 tons worth 761.3 million baht exported in the same period last year. These boast an increase of 15.4% and 16.5% in volume and value respectively.

Manufactured exports especially canned pineapple, canned seafood, textiles, jewelry and integrated circuits enjoyed a relatively high export growth during the first half of 1985.

A total of 138,766 tons worth 2,534 million baht of canned pineapple were exported. The amounts represent expansions of 24.1% and 32% in volume and value, respectively, from the

corresponding period last year.

Textile products maintained their top position among manufactured exports, bringing in 11,137 million baht or 17.9% more than in the corresponding period last year. Ready-made garments totalled 8,800 million baht, accounting for around 80% of total textile exports.

Jewelry exports were worth 4,325 million baht, representing an increase of 12.4%. Integrated circuits brought in foreign exchange worth 4,070 million baht during the first half of 1985, up 22.2%.

Imports during the first seven months totalled 139,113 million baht, an increase of 13.7% from January-July last year. However, import demand has been curbed slightly by the rising prices of imports as a result of last year's devaluation. It is anticipated that total imports in 1985 will rise at a rate of 11.4% from 1984. In US dollar terms, imports have actually shrunk from last year.

Despite higher adjusted prices, raw and intermediate products like chemical products, basic metals, paper and paper products are still being imported at a fast rate. They grew 31% in January-June to 40,689 million baht.

Imports of consumer products rose 18.2% from 16,116 million baht in the first half of 1984 to 19,047 million baht for the first six months of 1985. Goods in this category includes electrical appliances and furniture, for instance. Capital goods imports rose by 15.4% from 34,068 million baht for the first half of 1984 to 39,321 million baht in 1985. Imports of fuel and lubricants increased only 6.6% due to the expansion of production of natural gas and oil at home. Other imports during the first half of 1985 grew 15.4% to 9,532 million baht.

The trade deficit during the first seven months amounted to 43,906 million baht, an increase of 7.5% from the like period last year. For the whole of 1985, the trade deficit will rise to around 70,000 million baht, matching the same magnitude as last year. In US dollar terms, Thailand's trade deficit for 1985 will be reduced from around US\$2,975 million in 1984 to around US\$2,590 million in 1985.

The current account shortfall during the first seven months was 28,286 million baht, representing a marginal decline from the 28,563 million baht during the like span last year due to improvements reported in the tourist sector. For the whole year, however, the current account deficit is expected to rise to 53,730 million baht due to the growing trade deficit.

For the first seven months of 1985, the balance of payments recorded a surplus of 4,636 million baht, compared to 10,096 million baht during the corresponding period last year. Despite the small improvement in the current account, the balance of payments showed less gain due to the 27% decline in net capital inflows from 39,913 million baht in the first seven months last year to 29,138 million baht this year.

Net public capital inflows during the first seven months totalled 12,276 million baht, a 4.6% rise over the 11,739 million baht of last year. Net private capital inflows, however, dropped 40.1% to 16,864 million baht from

28,174 million baht. This marked contrast can be explained by heavy reliance on foreign funds during the credit squeeze last year in comparison to acceleration of foreign loan repayments due to the rising value of the dollar in the first quarter of 1985, coupled with the excess liquidity in the banking system and the sluggish domestic investment demand.

Thailand's balance of payments will still be in the black in 1985, though in a smaller size of around 2,000 million baht in comparison to the 10,588 million baht last year. This forecast is based upon Thailand's trade picture during the past quarter of 1985 which looks less favourable due to rising protectionist tendencies and less promising world commodity prices. The US Jenkins Bill, if enacted, would itself worsen the balance of trade and payments prospect for 1986 by 4,000-5,000 million baht.

### Foreign exchange reserves and foreign debt prospects

Balance of trade and current account deficits will continue to exert pressures on the country's international reserves. Particularly, in view of the surplus liquidity available in the banking system, net short-term capital inflows which were the cause of a relatively large balance of payment surplus (US\$450 million) last year will not amount to as much this year.

Our estimate of trade, current account and payments balances have been revised so that it shows a smaller payments surplus than in our last survey. Our forecast of the country's foreign exchange reserves at the end of 1985 is accordingly revised down to US\$2,700 million from US\$2,800 million previously.

At the end of July 1985, official international reserves stood at US\$2,747 million, down from US\$2,877 in June, but still much higher than the average level of US\$2,450 million during February and March this year. The fall in reserves in July was the result of capital outflows caused by the rapid decline in the value of the US dollar; commercial banks being flooded with baht liquidity bought dollars from the central bank to repay their foreign liabilities and take their foreign exchange profits.

The country's reserves are nevertheless at quite comfortable levels, covering about 3.2-months worth of imports. Moreover, the surplus liquidity is expected to be reduced later in the year; 5,000 million baht worth has already been absorbed by the new issue of government bonds in August. The dollar is also poised for a possible further decline, although at a much more moderate pace. Thailand's reserves position should therefore remain relatively stable around the level of US\$2,700 million in the next three months.

For the past three years, Thai government officials have been working to lower the public sector's external borrowings in anticipation of rising debt burdens. However, it was not until

last year, when they came out and expressed grave concern in the public, that the fiscal policy has since played a greater role influencing Thailand's economic policies towards austerity. Nevertheless, Thailand's foreign debt for the last quarter of 1985 will continue to remain at a high level.

According to the government's forecast, Thailand's external debt during the next 3-4 years will decline to a satisfactory level. Other things being equal, this should be the case because the authorities have taken this problem seriously and are pursuing intensified austerity measures to bring the rising foreign debt problem under control. This has been done mainly by cutting down on government expenditure, limiting external public debt formation and opting for a slower rate of growth. In particular, foreign borrowings by the public and private sectors will come under scrutiny of the government.

The rising foreign debt problem has caused various difficulties in the government's fiscal and monetary management. The total debt outstanding, including domestic and foreign, is presently around 400,000 million baht. This total includes direct borrowings by the government as well as government-guaranteed loans.

By end-1985, total external debt is expected to reach around US\$12.1 billion. Public external debt outstanding will account for around 69% or US\$8.3 billion, whereas US\$3.8 billion or 31% of the total will be owed by the private sector. Total external debt outstanding is forecast to surpass US\$16 billion in 1989, US\$11.4 billion being public debt and US\$5.1 billion private debt.

The rapid increase in the public debt is due largely to the increase in borrowing by the public enterprises. They account for around US\$5.4 billion or 65% of the total public debt outstanding. Actual government debt outstanding is expected to be only around US\$2.9 billion in 1985.

Consequently, the total debt service ratio in 1985 is expected to be 21.3%, broken into 10.7% for the government and 10.6% for the private sector. However, if commercial banks' short-term (maturity less than one year) debt outstanding of US\$2.7 billion and the Bank of Thailand's borrowing from the IMF of US\$1 billion for reserves readjustment purpose are included, Thailand's total debt service ratio will reach 26.9%, consisting of 13.8% for the public and 13.1% for the private sector.

In 1986, total debt service ratio is anticipated to rise to 22% before declining to 21.7%, 20.0% and 19.6% in 1987, 1988 and 1989 respectively.

Thailand has become increasingly dependent on foreign funds in recent years due to the decline in the domestic saving rate to match the rising loan demand for the country's development purposes. Nevertheless, the country's international credit rating remains very good, as evidenced by the recent record 70-billion-yen 10-year Eurocredit. Arranged by Bank of Tokyo and Citibank, the facility — which was originally in the amount of 50 billion yen but later raised to 70 billion yen after some

non-so-subtle arm-twisting by the Thai government -- was priced at only 0.125 point above Euroyen deposit rates for the first two years, rising to 0.1875 point thereafter. There is a five-year grace period.

Austerity fiscal measures, debt refinancings and currency swaps are among the measures taken so far to tackle the rising debt problem.

During 1984-1985, a total of US\$700 million with relatively low interest rates was borrowed to refinance old but costly foreign debts. An additional amount of US\$340 million was also brought in to refinance old debts during the middle of FY 1985. Furthermore, US\$546 million worth of floating rate notes were also issued and sold overseas. It is hoped that the mentioned measures coupled with the fiscal discipline adopted by the government will help ease the existing debt burden by 1989. It should be noted, however, that at present refinancings can only be done for state enterprises because the External Debts Law does not allow the government itself to take a non-project loan. The law will certainly be amended to make room for refinancing starting in FY 1986.

Debt repayments have become an increasing burden for the government. During FY 1985-1986, 25% of total government expenditure is set aside for debt repayments. Of this, 13.0 billion baht or 6.0% of the budget is earmarked for repayments of foreign debts. With refinancing and debunching arrangements, thereby reducing the interest cost and pushing maturity dates further, the effect will be to help ease the pressures off the budget and improve the debt service ratio. However, only by controlling debt formation directly will the debt burden be reduced effectively.

Presently, the total debt outstanding, including both public and private sectors, accounts for about one third of the country's GDP. This ratio has consistently climbed up from 10.3% in 1977 to 20%, 27.6% and 30% in 1980, 1984 and 1985 respectively.

Under the Fifth Plan, external borrowings was limited to US\$2,600 million per year until 1983 when it was cut to US\$2,000 million and again in 1985 to US\$1,600 million. In practice, Thailand borrowed much less than the maximum. In 1983, external borrowings totalled US\$1,900 million and in 1984, US\$930 million. In 1985, the total amount expected to be borrowed is US\$1,350 million.

In order to monitor and keep the foreign debt under close watch a maximum ceiling of US\$1,300 million per year is imposed on foreign borrowings during the Sixth Plan (1987-1991). This amount is considered to be suitable and will not create any debt servicing problem in the future. The actual amount of external borrowings in any year under the Sixth Plan can, however, be flexible on the downward side so as to bring the public debt service ratio down to 9% by 1991. Borrowings for the Eastern Seaboard Development programme which requires a considerable amount of foreign funds during the Sixth Plan must therefore be reviewed and planned in accordance with this debt policy guideline.

**THIS IS A QUARTERLY RISK REPORT ON THAILAND PREPARED BY HONG KONG-BASED POLITICAL & ECONOMIC RISK CONSULTANCY LTD. IT CONCERN WITH FORECASTING MACROECONOMIC TRENDS SUCH AS GNP GROWTH, INFLATION, EXPORTS, IMPORTS, INVESTMENT CONDITIONS, THE IMPACT OF OFFICIAL REGULATION AND POLICY CHANGES, AND FOREIGN EXCHANGE RATE DEVELOPMENTS.**

**THE COMPANY ALSO MONITORS AND PREDICTS POLITICAL TRENDS WHICH COULD AFFECT THE OPERATIONS OF FOREIGN AND LOCAL INVESTORS, TRADERS AND BANKERS.**

### **INDEX OF PRIVATE INVESTMENT**

**(Millions of Baht)**

Year	Projects				
	Applications No.	Starting Amount	Operation No.	Amount	Foreign Investment
1980	245	48,789	73	5,835	3,704
1981	265	140,787	84	7,234	4,127
1982	290	21,677	86	10,897	3,538
1983	342	54,673	107	10,924	6,573
1984	378	54,696	87	8,206	4,763
January	22	1,288	3	230	379
February	23	3,595	5	578	580
March	31	3,278	10	2,031	372
April	33	4,262	5	123	411
May	41	4,122	8	603	360
June	33	2,654	6	118	418
July	23	3,166	10	494	426
August	46	13,491	11	781	448
September	29	5,578	10	267	255
October	36	8,025	5	904	672
November	36	2,390	6	530	335
December	23	2,743	5	1,537	648
1985					
January	23	22,189	2	97	498
February	25	2,253	3	153	421
March	23	3,987	4	1,389	557
April	24	1,208	6	243	387
May	29	3,930	4	138	395
June	43	13,488	8	626	402

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CSO: 4200/237

THAILAND

TALKS END WITH EEC; NO TAPIOCA QUOTA INCREASE

BK250239 Bangkok THE NATION in English 25 Oct 85 p 1

[Text] Officials of European Economic Community have told a Thai delegation that it would not be possible for Thailand to increase its export quota for tapioca products to six million tons a year. They pointed out that agreement could not be reached on the basis of this figure. The two delegations ended their 2-day meeting yesterday.

They reviewed the existing 5-year tapioca agreement which is due to expire next year. It was not decided whether Thailand would seek renewal of the agreement.

Leader of the Thai delegation, Director General Phatchara Itsarasena of the Department of Foreign Trade told a press conference yesterday that results of the meeting will be proposed to the National Cassava Policy Committee which will decide late next month whether Thailand will renew or scrap the agreement.

He said that Thai side had told the EEC officials that it would not be possible for Thailand to have the annual quota at 4.5 million tons which applies to this year and next year, with an additional 450,000 tons to be spread over the 2-year period.

Phatchara said the EEC team flatly turned down a proposal for Thailand to raise the quota to six million tons. The Thai side asked the EEC to ensure that increasing imports of corn gluten from the United States would not affect Thai tapioca.

The highest annual export was slightly over seven million tons before the agreement was signed in 1982. Phatchara said if Thailand decides to renew the agreement, a ministerial team will pursue further negotiations. If it is to be scrapped, it will be notified to the EEC within December.

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CSO: 4200/190

THAILAND

DELEGATION TO VISIT U.S. OVER 'GARMENT CRISIS'

BK010223 Bangkok THE NATION in English 1 Nov 85 pp 1-2

[Excerpts] The government, deeply concerned over the serious impact on the country's political and economic stability that could be caused by the ongoing garment crisis, will dispatch a delegation led by Foreign Ministry's Permanent Secretary Asa Sarasin for high-level negotiations with Washington on how to alleviate the situation following the U.S. embargo on Thai apparel on 8 October.

The team, which comprises Director General Danai Dulalampha of the Economic Department and Director General Phatchara Itsarasena of the Department of Foreign Trade, will leave on Sunday [3 November] and the talks are expected to begin on Tuesday.

The negotiations were decided following a meeting between Foreign Minister ACM [Air Chief Marshal] Sitthi Sawetsila and U.S. Ambassador William Brown on Wednesday.

Danai said that the minister told the U.S. envoy that the embargo was causing increasing political and economic problems for Thailand. He also pointed out that the garment crisis could also affect Thai-U.S. relations.

Danai said that the minister informed the ambassador that the situation warranted high-level negotiations between Thai and U.S. authorities.

The embargo was imposed after Thailand had overshipped garments to the U.S. which set the ceiling at 83.1 million square yards for this year. Thailand also overshipped apparel last year but there was no embargo. The overshipped quantity will have to be deducted from next year's quota, further reducing the ability of local manufacturers and exporters to sell their products.

Some 20 million yards were denied entry while large quantities remain unshipped. The Thai Government has promised relief for exporters.

Phatchara said that the Thai delegation will use "politics" to resolve the garment [export] crisis. He stressed that the talks would not focus on the bilateral textile agreement but on the problems confronting Thailand.

"We will not seek the removal of the embargo, but discuss how to resolve the problems caused by the embargo," he said. He said it was too early for him to say whether the negotiations in Washington would lead to the removal of the embargo.

The United States is aware of the potential crisis. But American negotiators had to maintain a tough stand during the talks early last month in Washington, at a time when protectionist mood was high in Congress.

President of the Thai Garment Manufacturers Association Iam Uawatthanasakun and one of its executives, Dr Wibun Nimmanit, submitted a letter signed by 140 manufacturers and exporters to the U.S. Embassy yesterday.

Earlier garment workers planned to stage another rally at the embassy yesterday, but the association was later instructed to cancel the move. Commerce Minister Koson Krairoek told Iam during their meeting Wednesday that the issue should be left to the government to handle.

Koson later brought Iam to meet with Minister Sitthi who also urged him to cancel the planned rally.

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CSO: 4200/190

THAILAND

## FARMERS FACE PROBLEMS WITH LOAN SHARKS, LOW PRICES

Bangkok BANGKOK POST in English 14 Oct 85 p 2

[Article: "Paddy: The Farmers View"]

[Text] SO many opinions have been aired by academics, politicians and economists, who either support or oppose the controversial rice support scheme, initiated by the Social Action Party, purportedly to assist the poor farmers. Now it seems all of a sudden, that all the attention is focussed on the farmers and everyone is aware of their plight.

Unfortunately, very little has been heard from the farmers themselves, even though they are the ones who will be directly affected by the price support programme.

Sunee Sathaporn and Olarn Chongkulsathitchai visited several farmers and rice millers in Ayutthaya, Pathum Thani, Lop Buri, Uthai Thani, Nakhon Sawan, Ang Thong and Suphan Buri provinces, which are considered to be the country's rice bowl. The following are excerpts from the interviews:

YAO Suangfak, 28, a tenant farmer of 22 rai of land in Tambon Klongkhai, Sam Khok District of Pathum Thani, said he experienced the worst paddy price in September. He said he received only 1,500 baht per kwien (1,000 kilos) for his second crop, from buyers who claimed that his paddy had a high moisture content.

The second crop has just been harvested in this province, whereas most farmers in other areas sold their crops two months previously.

Yao said that the highest price that farmers could hope for was 2,400 baht per kwien, for cereal containing between 14-15 per cent moisture. For a higher percentage of moisture, prices fell to about 2,200 baht, he added.

Paddy prices peaked in April and May at 2,800 baht, but, in order to survive, farmers need at least 3,500 baht per kwien, said Yao.

Tenant farmers welcome the Social Action Party's rice price support scheme, saying that it would at least cover their production costs.

The SAP wants the Government to fix the floor price of 100 per cent paddy at 3,000 baht per kwien.

However, he said he doubted if millers or middlemen would buy directly from farmers at the set price. At most, farmers would get between 2,500-2,600 baht, with the difference going into the pockets of the middlemen, he predicted.

"If the Government is really serious about helping farmers, then it should

set the floor price at 3,500 baht," Yao suggested.

The farmer then praised SAP leader M.R. Kukrit Pramoj, for pushing paddy prices up to 4,020 baht a kwien during the years 1975-76 which, he said, was the highest price he had ever received. He said that he would like to see Kukrit become the next prime minister.

"Prime Minister Prem makes farmers suffer. He announced on the radio that he would help farmers. But we have never received any assistance. We are going to die because of the low paddy price" he complained.

● Fai In-nou, 30, is another Pathum Thani farmer who has to rent farmland to make a living. He said that he received a 20,000 baht loan from the Bank for Agriculture and Agricultural Cooperatives to invest in the farm this year.

He added that the yield from his 10 rai of land was 50 tang (a tang is equivalent to 15 kilos) per rai with production costs estimated at 2,400 baht per kwien.

"But I got only 2,250 baht per kwien from the sale of my crops," he complained.

Suffering a loss, Fai had to turn to a loan-shark for money. The loan-shark, who is his neighbour, is charging him five per cent interest per month.

He said he needed the money badly, in order to repay the bank, or else he would be charged 17 per cent interest, instead of 14 per cent, if he defaults. In addition, he added, a default would deprive him of the right to seek a new loan from the bank.

Fai admitted that he didn't know how to solve his problem. His debt with the bank amounts to 70,000 baht and he is unable to repay all of it because of bad harvests over the past two years. The crop was good earlier this year, he said, but added that the price was so depressing.

Fai said that he needed a minimum of 3,500 baht per kwien for his cereal, in order to survive.

C caught forever in a financial trap, he said, every farmer was struggling for himself. "We don't have the power to bargain with merchants because we are not united. Everybody needs the money quickly to repay his debts," he added.

Commenting on SAP's price support scheme, he said he was glad that there was such a group willing to help the farmers. "But I am afraid we may die before assistance reaches us," he said cynically.

● Voicing support for the price support scheme, Supachai Horsaengchai, owner of the Hor Nam Phol Wattana rice mill in Pathum Thani, said that about 30 per cent of tenant farmers in the province had not planted the second rice crop because of low prices. As a result, he said, his rice mill had to stop

operating for three months, for lack of rice for milling.

He noted that in his 35 years in the rice trade, he had never seen the price of paddy drop to such a level as it did earlier this year. He said that he had had to lower his milling fees accordingly, from 50-60 baht a kwien to only 30 baht.

He said that if farmers got a better price for their crops, a rice miller like himself would benefit accordingly.

● Like most of his neighbours in Bang Sai District of Ayutthaya, Boonchuey Sappmanee has to rent land for farming. His own 10 rai of land was mortgaged to a money lender six years ago, who lent him 28,000 baht at 10 per cent interest per month.

But after five years of poor harvests and low paddy prices, Boonchuey now owes the loan shark a total of 80,000 baht. Worse yet, he is likely to lose the ownership of his land as well, because he has virtually no way of repaying the debt.

"I always hope that I will be able to pay the following year. But my hope has never materialised," said Boonchuey, adding that his best rice, the Kor Khor Seven, could fetch only 2,600 baht per kwien.

"I don't know where to seek help. My family is now starving. Can you tell the Government to help raise paddy prices, and lower fertiliser and pesticide prices?" he pleaded.

"I want a good man to be our leader — one who can at least provide some help to farmers. If I can get 3,000 baht per kwien, that's all right."

Boonchuey added that most farmers in his neighbourhood used to own their land. But now only two in 10 still do, the rest had either sold or mortgaged it to the money lenders, he added.

● Sawaeng Chanchurymark, 54, village headman of Moo 2, Tambon Po-praya, Muang District of Suphan Buri Province, said that many tenant farmers were seriously considering abandoning the second cropping because of the discouragingly low paddy price. Some have already returned their rented land to their landlords.

Sawaeng's brother, Thavil, claimed that he invested about 20,000 baht in rice farming this year, but received only 10,000 baht from the sale of his harvest.

He said that the Marketing Organisation for Farmers' paddy mortgage scheme, which promises 2,800 baht per kwien of paddy came too late, as most farmers had already sold their crops to traders.

He warned that if the paddy price remained at 2,700-2,800 baht per kwien for another two years, many farmers would abandon farming and turn to other jobs.

Thavil disclosed that the situation was especially serious for landless farmers, who are normally charged 20 tang of paddy per rai as rental from the landlord, which is beyond the 15-tang limit permissible by law.

He explained that the production cost per rai was about 900 baht, with an estimated yield of 50 tang. The cost includes 200 baht for ploughing, 200 baht labour costs for removing rice seedlings and replanting, 280-300 baht for one bag of fertiliser, 80 baht for insecticide and pesticide, 120 baht for harvesting, 80 baht for removing rice seeds from stalks.

● Kannan Song Onghaiwattana, owner of the biggest rice trading centre located in Payuha Khiri District of Nakhon Sawan, said he doubted if the Government could implement the rice price support scheme due to the lack of budget and storage facilities to store paddy.

He estimated that the Government would require at least 50,000 million baht to buy all the 19 million tons of paddy at the fixed floor price.

"The injection of only a small amount of money into the market will only serve the interest of political parties which are keen to grab votes from the people," said Song.

Pointing out that exporters were the key players in dictating paddy prices, he suggested that the Government ban them by abolishing rice premiums and a ruling requiring them to hold rice stocks to make the Thai cereal more competitive on the world market.

The stockholding system, he noted,

could create an export monopoly because only the big and wealthy exporters could afford to hold large stockpiles in order to get large export quotas.

The export premium and stockholding requirement, he said, could be reimposed when the market situation improved.

He also suggested more contact between millers, exporters and farmers so that they could appreciate each other's problems.

The latest paddy (second crop) price quoted at Song's central market last Friday was 2,760-2,800 baht per ton for paddy with 15-16 per cent moisture, 2,700-2,750 baht for 17-18 per cent moisture, 2,600-2,700 baht for 19-20 per cent moisture, 2,850-2,900 baht for 100 per cent sticky rice, and 2,750-2,850 for five per cent sticky rice.

Song said that the production costs on the farms in Nakhon Sawan, which have access to irrigation systems, was about 2,000 baht per kwaen, while the cost was about 200 baht higher in areas without irrigation systems.

● Mrs Mai Tosakulnee 48, a farmer in Tambon Kao Kalai, Payuha Khiri District, said she sold her yearly crop at 3,000 baht in January, and received 2,200 baht for her second crop in August, which was a loss compared to the amount invested.

"Khun Prem's Government makes agricultural products so cheap, while products in the market are so dear. We work so hard every day, but cannot afford even a kilo of pork from the market," she said bitterly.

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C30: 4200/237

THAILAND

**Farmer Leader Profiled**

Bangkok THE NATION in English 20 Oct 85 p 10

[Article: "Voice Of The Farmers"]

[Text]

**W**HEN farmers make news, they almost always are in trouble. And now, they are apparently in deeper trouble than ever.

The prices of paddy have gone down and down. Those who are in a position to help them seem to be more preoccupied with words than deeds.

And many farmers are getting more and more disillusioned. "If the farmers don't help themselves, they can't expect anybody to come to their rescue." The message came from none other than a farmer himself.

Ubolsak Bunluang-ngarm, president of the Farmers Group of the Central Region, has succeeded so far in taking a small step forward to make the farmers' voice heard clear and loud.

Last week, he was able to bring at least 500 farmers from all the rice-growing regions to a major meeting in Lopburi to discuss the common plight they are facing. Though the resolutions they have adopted after the two-day talks may fall on deaf ears, the farmers could take comfort in the fact that at least they finally had a chance to make their troubles known.

"What we need is a 'green revolution.' That's the only way for farmers to be able to stand on their own feet," declared Ubolsak.

For two consecutive terms, the 37-year-old farmer from Lopburi remains the president of the farmers group which has been advocating a policy designed to improve the life of the farmers.

Ubolsak outlined the policy: 1) Those who till the land deserve to own the land 2) Only the producers can fix the prices of their produce 3)

All agricultural agencies of the government must be made juristic persons 4) The government should issue a legislation to guarantee prices of agricultural commodities every season and 5) The government must recognize agricultural councils set up by farmers.

Ubolsak said the policy has been unanimously endorsed by the farmers group and has been partially adopted by others.

He said the meeting last week was designed to demonstrate that farmers can speak with one voice and that they can't always be used by politicians or interest groups.

He said for the first time farmers can put their views across directly to the government.

While criticizing the government for its tendency to deal with problems through stop-gap measures, Ubolsak said the government should work out a long-term and serious paddy policy the way the annual budget is planned.

The meeting of the farmers, which made headlines in almost every newspaper, also put forth a proposal for the government to adopt floor prices for different grades of paddy, ranging from 3,300 baht to 3,600 baht per kwian.

Ubolsak, who ran unsuccessfully in an election for MPs when he was only 25, said the government should buy paddy from farmers through government agencies entrusted with the task to eliminate the problem of middlemen.

He also called for a freeze on the prices of fertilizers which are extremely important for farmers. He dismissed the official calculation of the production cost of paddy which put it at 2,489 baht per kwian which he said was

unrealistically low.

Ubolsak, a law graduate of Thammasat University, has recently been elected president of the Lopburi provincial assembly though he had distanced himself from politics for some time.

"All I want to do is to devote myself to working for the betterment of the life of farmers," he said. "And I will continue doing that as long as I am alive."

Ubolsak is a former deputy secretary general of the New Force Party. He has worked with the National Energy Administration, Phyathai Hospital and Interlife.

"My immediate task now is to wake up the farmers in Lopburi," he said.

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CSO: 4200/237

THAILAND

UNEMPLOYMENT COULD REACH TWO MILLION

Bangkok BANGKOK POST in English 24 Oct 85 p 1

[Article: "Bleak Outlook For Nation's Jobless"]

[Text]

**UNEMPLOYMENT** will soar if the economic growth rate is cut from five to four per cent during the sixth Five-Year Plan between 1987-91, the National Labour Development Advisory Board chairman warned yesterday.

Nikhom Chantharavichith said a six per cent growth rate was needed just to peg the jobless rate at the present level of 1.7 million. By the end of the fifth plan in 1986, he said, the ranks of the jobless would be swelled by 300,000 to reach two million.

The former Labour Department chief said the growth objective had been rendered unsustainable by the baht devaluation, and that mistakes in development planning over the past 20 years were compounding the problem.

"Previously, we concentrated on capital-intensive industries which do not create much employment," he said, suggesting the emphasis be shifted to medium and small-scale rural industries.

The jobless ranks would be swelled further next April by about 100,000 Mathayom Six graduates who do not get university places, he said, and the Government's decision to cut recruitment to two per cent from next year would aggravate matters.

Mr Nikhom said the policy was a "mistake" which would cut the number of vacancies in the government sector from 80,000-100,000 a year to about 20,000.

The Government should create more jobs for the educated unemployed by promoting rural development in permanent projects, he said.

Mr Nikhom said up to 300,000 textile workers would be laid off when the Jenkins Bill took effect and that more Thais would be looking for work here because the Middle East was already at saturation point.

The chairman said a self-employment strategy could help avert an employment crisis by generating more jobs.

Meanwhile, a National Economic and Social Development Board official backed up Mr Nikhom's view that the job outlook for graduates was grim.

Pornthep Rungsikorn, acting director of the board's human resources planning division, said social science and teacher graduates were floating on an already saturated job market.

Mr Peerathip told delegates at a human resources seminar organised by Thammasat University that the education system should improve the quality of manpower and work more closely with private enterprise.

Proposing modifications to the education pricing policy to reflect the social and market demand for higher education, he said the careers guidance system in schools should also be developed.

Events such as the national level "job-bazaars" and "labour fair days" will continue until 1990, and the Government will continue the temporary employment of about 1,500 graduates a year in rural job creation programmes since 1981.

/12851  
CSO: 5200/237

THAILAND

BRIEFS

DIPLOMATIC TIES WITH GHANA--The Thai Foreign Ministry today released a statement regarding the establishment of diplomatic relations between Thailand and Ghana. The statement stated: Being desirous of promoting the existing relations between the Kingdom of Thailand and the Republic of Ghana, the Government of Thailand and the Government of the Republic of Ghana have agreed to establish normal diplomatic relations as from 25 October 1985 and to exchange diplomatic representatives at ambassadorial level. [Text] [Bangkok Voice of Free Asia in English 1500 GMT 25 Oct 85]

HAN ELECTED DEPUTY LEADER--Former Fourth Army Region Commander Lt-Gen Han Linanon was elected unopposed to be deputy leader of the Democrat Party this morning. The voting was preceded by stormy exchanges between southern and northeastern members. General Han will replace former Science, Technology and Energy Minister Mr Damrong Latthaphiphat who killed himself last July. The meeting chaired by party leader Phichai Rattakun was attended by 91 MP's, executive committee members and party branch presidents. General Han thanked the meeting and said that the fact that he now had a definite position in the party will allow him to accept his responsibilities within the party better. At present he is already chairman of the party's branch expansion committee and he vowed to do his best to ensure that the Democrat Party receives the maximum votes in the 1987 general elections. [Excerpts] [Bangkok BANGKOK WORLD in English 26 Oct 85 p 1]

PROTESTS AT SRV EMBASSY--About 20 students, in an hour-long protest at the Vietnamese Embassy this morning, called on Vietnam to release immediately five Thai soldiers captured at the Thai-Kampuchean border early this month. The students, who called themselves members of the Undergraduate Confederation of Thailand which they said represents 20 universities and vocational colleges, stated their demand in an open letter to the Vietnamese ambassador. No embassy officer received the letter, which was read out before it was put into the embassy letter box. In the letter, the students accused Vietnamese troops of intruding into Thai territory at Ban Sanlo Cha-ngan, Ta Phraya District of Prachin Buri in October to capture three army men and two defence volunteers. The letter demanded their immediate release and an apology from Hanoi on the

3 December 1985

incident. Armed with posters, placards and a written statement on the incident which they distributed to the public, the students were led by a Prasanmit College undergraduate identified as Somyot Kanwicha. [Text] [Bangkok BANGKOK WORLD in English 25 Oct 85 p 32]

**PREM ATTEMPTS TO FREE FISHERMEN**--Prime Minister Prem Tinsulanon yesterday told Commerce Minister Koson Krairoek and Agriculture Minister Narong Wongwan to help secure the return of 31 Thai fishermen from Indonesia. The premier made known his concern after being told the employer and owner of the trawler seized in Indonesian waters had refused to pay for the return of the crewmen on financial grounds. General Prem also questioned the ministers concerned over a report yesterday that 77 Thai trawlermen had been detained for intruding into Malaysian waters. The Malaysian national news agency, BERNAMA, said the 77 crewmen were aboard 11 trawlers seized by Terengganu marine and air police in an operation since last Wednesday. Twelve crewmen on two of the boats had been brought to court and 10 were sentenced to 6 months in jail while the two others were jailed for 2 weeks. [Text] [Bangkok BANGKOK POST in English 29 Oct 85 p 1]

**THAIS TO RETURN AIRCRAFT TO LAOS**--The Foreign Ministry had told Laos it will return a Soviet-made plane flown to Udon Thani in July last year by defecting Laotian pilots. The ministry said the return of the Antonov-2 transport plane was a goodwill gesture in the wake of mutual attempts to improve relations. A Laotian Embassy official was summoned to the ministry yesterday to be told of the development. Thailand will return the plane without demanding Laos pay repair costs and fuel bills of about 90,000 baht, the ministry said. [Text] [Bangkok BANGKOK POST in English 26 Oct 85 p 3]

**WARNING TO AVOID MALAYSIAN WATERS**--The Foreign Ministry yesterday warned Thai fishermen not to violate Malaysian waters pending the signing of a joint fishing agreement. Foreign Ministry Spokesman Sawanit Khongsiri said the Thai fishermen should be careful not to enter Malaysian exclusive economic zone for the time being. He said it may take some time before the agreement can be finalized. [Text] [Bangkok THE NATION in English 26 Oct 85 p 3]

**TWO COUP LEADERS IN COUNTRY**--A police officer said yesterday that two of the leading figures in the 9 September abortive coup are still in hiding in Thailand. The two are Wing Cdr Manat Rupkhachon and Ekkayut Anchanbut, the operator of a major collapsed chit fund pool, according to Assistant Metropolitan Police Commissioner Pol Maj Gen Prayun Komarachun. Wing Cdr Manat is a younger brother of Col Manun, who is alleged to have engineered the abortive coup and is now in West Germany. Pol Maj Gen Prayun said no protection should be given to the two fugitives. "But we hope to catch them soon," he said. Pol Maj Gen Prayun is one of the members of the police team investigating the coup attempt. He said police have already issued warrants for the arrest of another 10 coup suspects still at large. [Text] [Bangkok THE NATION in English 29 Oct 85 p 1]

DEFECTORS CONTACTING CPT MEMBERS—Many of the communist defectors who are living on government-provided land are still maintaining contacts with members of the Communist Party of Thailand (CPT), a senior army official said yesterday. Assistant Army Chief-of-Staff Lt Gen Charuai Wongsayan said most of these defectors are living in the northeast. "We are watching the situation closely," he said. [Text] [Bangkok THE NATION in English 31 Oct 85 p 3]

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CSO: 4200/190

PEOPLE'S REPUBLIC OF KAMPUCHEA

BRIEFS

**SRV SISTER PROVINCE'S AID--Phnom Penh, 11 Nov (SPK)--The Vietnamese province of Song Be has recently provided 270 metric tons of rice seeds to its sister province of Kratie, about 200 kilometers northeast of Phnom Penh. In addition, Song Be Province has helped Kratie to train technicians in agriculture and hydraulics. [Excerpt] [Phnom Penh SPK in French 0421 GMT 11 Nov 85] /9738**

CSO: 4219/10

MILITARY AFFAIRS AND PUBLIC SECURITY

ANTISOCIALIST PROPAGANDA

Hanoi QUAN DOI NHAN DAN in Vietnamese 15 Aug 85 p 2

[Article by Tran Lam: "The Crime of Antisocialist Propaganda"]

[Text] At exactly midnight on the last Saturday of June, two self-defense militiamen of District H, City Y, caught one minor in the process of scattering leaflets arguing against the army's draft (for 1985) in the area of the M. B. high school. A body search and an examination of his handbag revealed another 199 leaflets that he still had left.

Before the state organs in authority, the suspect declared his name to be Nguyen Van A, 16 years of age, the fifth son of a psychological warfare officer in the Siagon puppet army who had fled abroad in April 1975. Since the beginning of 1985, A four times has posted and spread leaflets advocating opposition to the order for medical examination in preparation for the draft, to the draft calls, and many times spreading psywar type of arguments, false rumors and distortions of the rear policies of the army. He admitted that the above-described actions were done at the order of a foreigner meant to fight against the implementation of the military draft, against the people's power, and against socialism.

Nguyen Van A has thus committed the crime of "carrying out propaganda against socialism." This crime is classified among the particularly dangerous ones affecting national security as stipulated in Article 82, Part A, Chapter 1, under the section defining the various crimes in the Penal Law Code of Vietnam. The content of that article is as follows:

1. Jail sentences of from 3 to 12 years for anyone found to perpetrate one of the following acts against the people's power:

- a) carrying out propaganda that seeks to distort socialism;
- b) carrying out psywar types of propaganda, spreading false rumors, and causing confusion among the people;

c) producing, storing and circulating documents and cultural artifacts with an antisocialist content.

2. Particularly severe cases of the above kind of violation call for jail sentences from 10 to 20 years.

The people's court of city Y will try Nguyen Van A and apply to him a sentence in accordance with the above stipulations, and it has determined:

--that the nature of A's criminal act is severe and that his crime was a fully deliberate one;

--though A was only 16 when he committed the crime (thus he was still a minor) he was nonetheless capable of understanding the social consequences of his criminal act;

--A is old enough to be legally responsible for his crime because Article 58 of the Penal Code stipulates that "a prisoner above 14 years of age but under 16 must be legally responsible for severe and deliberate crimes; a prisoner above 16 years of age must be responsible in penal terms for all and every crime committed."

--A's crimes committed in the first 6 months of 1985 lie within the period of retroactive investigation of his legal responsibility (Article 45 stipulates that no retroactive investigation of criminal responsibility would be undertaken if 15 years have elapsed since the crime had been committed in the case of serious crimes.")

The sanctioning of criminal acts by minors is essentially aimed at educating and helping the latter rectify their errors, follow a path of healthy development, and become useful citizens in society. Even in cases where penal sanctions are called for, the court would not call for life sentences or the death sentence in the case of violating minors. When meting out a jail sentence, the court grants to a criminal minor a lighter sentence than one normally applied to one who has reached adulthood, and the minor is kept separate from the others. Monetary fines and supplementary sanctions are also not applied to a criminal minor (Article 59 of the Penal Code).

In the present multifaceted war of sabotage waged against our country, the various international reactionary powers have been and are using all kinds of henchmen of various age brackets, who may have different motivations for fighting the people's power and for fighting socialism (for instance, because of class enmity, for money, for women, out of dissatisfaction or negativism, etc.), in order to commit different crimes which, however, for the most part are concentrated on those

against our national security. The cadres and fighters in the people's armed forces must raise their revolutionary vigilance and hold firmly to their guns while at the same time firmly using our penal laws to solidly protect our socialist fatherland and fight against particularly effective crimes, thus contributing together with the entire population to crushing all dark and vicious plots and actions of our nation's enemies.

1751/9738  
CSO: 4209/648

MILITARY AFFAIRS AND PUBLIC SECURITY

NGHE TINH PUBLIC SECURITY TAKES NEW INITIATIVES

Hanoi QUAN DOI NHAN DAN in Vietnamese 14 Aug 85 p 1

[Article by Tran Su: "Nghe Tinh Public Security Develops Many Ways To Protect Political Security and Public Order and Safety"]

[Text] Having increased its coordination with various sectors and mass organizations, the Nghe Tinh public security forces have wrested many important results in the work of protection of the security of the fatherland. On the front of political security protection, the public security forces have together with the army and other concerned sectors firmly constructed the border and coastal security lines of defense. The task of protecting the transiting lines of communication has been entrusted to the self-management of the people. Thach Ha and Quynh Luu districts and Ha Tinh Town have essentially got rid of the situation where power lines have been cut and sabotaged. In many localities the Catholics have determinedly struggled to disband those illegally formed associations and unions which cause difficulties in their lives. The various superstitious practices such as medium seances, fortunetelling and the Chinese horoscope reading, have been stopped. Eighty mediums and fortunetellers have been sent to re-education sessions by the authorities where they publicly described their cheating and lying tricks in front of large audiences and where they promised to reform and start an honest living. Thanks to fine launching measures and with the help of the people, the culture and information sector together with the public security forces have recovered hundreds of cassette tapes, records, books and pictures with reactionary and decadent content.

The protection of socialist property and the struggle against criminal elements have also been strengthened. Violations of socialist property have been investigated and the recovered property has been turned over to the state.

The Ho Chi Minh Communist Youth Union belonging to the provincial public security forces has set up concrete and practical plans of action. With the help of the Nam Dan District union, the public security youth union in Kim Lien Outpost has signed an agreement with group D25 of

the army in Military Region 4, the Kim Lien Village youth union, the Nam Dan high school union, and the village's two elementary school unions whereby they all agreed to compete in implementing the six teachings of Uncle Ho regarding the people's security work, thus expanding the movement within the youth in the entire district. (The young people belonging to the penal police youth union have, together with the public security unit and the protective forces are in charge of launching mass movements for boosting the building of secure subwards, villages, organs and enterprises.) Continuing to implement the public security and national defense program, the Cam Xuyen District public security youth union chapter has consolidated and established 49 new security youth units and 810 such cells with a total of 4,600 union members participating. At the elementary schools, over 4,000 Ho Chi Minh vanguard teenagers have joined 450 "bluebird teenager" units and operate on a regular basis at their own schools and at the neighborhood level.

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CSO: 4209/648

MILITARY AFFAIRS AND PUBLIC SECURITY

11TH PRECINCT PUBLIC SECURITY IN HO CHI MINH CITY

Hanoi QUAN DOI NHAN DAN in Vietnamese 16 Aug 85 p 1

[Article: "The 11th Precinct Public Security Forces in Ho Chi Minh City Do a Fine Job Struggling Against Crimes"]

[Text] The 11th Precinct party organization and authorities in Ho Chi Minh City provide tight leadership in the mass movement for "protecting the security of the fatherland." That is why the struggle against crimes, the protection of socialist property and the fight against social ills have all garnered good results.

In the recent past the 11th Precinct public security forces have solved criminal cases affecting a value of nearly 10 million dong. The 15th Subward is the banner carrier in the building of civilian defense forces for the purpose of patrolling and keeping watch. The 16th Subward mobilizes the people in cleverly and courageously catching the robbers. The masses provide many valuable leads that help the public security forces to investigate and catch many armed bands of robbers. Nguyen Van Sam, cell leader of block 30 (15 subward), had tricked a robber band into a trap so that the public security forces could catch them redhanded. The public security cadres and fighters of the 11th Precinct have paid attention to raising their professional level and to perfecting their fighting capabilities in order to do well the various links such as reconnoitering, studying the activities patterns of the criminal elements, etc. This is why they have been able to actively prevent crimes and to limit the bad consequences of others. In the struggle phase that sought to stop the illegal use of electricity, the 11th Precinct public security forces have coordinated with the power office to carry out inspection and recover 6.8 million kWh.

The 11th Precinct public security forces have built close relationships with the various mass organizations, with the various enterprises and plants, and with the organs found in their area of responsibility. The various subward public security forces establish fraternal relationships with the security units of various organs, they help the latter to improve themselves and raise their level of political

security maintenance and public order and safety protection. Thanks to the help of the masses, in the last few years, the 11th Precinct public security forces have uncovered 261 violations of socialist property and recovered for the state over 5 million dong; they have caught perpetrators in more than 200 cases of counterfeiting merchandise and smuggling, then confiscated the merchandise and fined the violators to the tune of over 7 million dong. That is why many negative manifestations and violations of socialist property have visibly lessened. In coordination with the various mass organizations, the district public security forces have managed and reeducated the remnant of bad elements of the old regime, and arranged so that they can have gainful employment. The public security forces have also coordinated with the information and cultural sector, with the youth and women's organizations to go after decadent culture dens, confiscating over 12,000 tapes of music, over 10,000 sex pictures, 40,000 decadent books and other products.

The 11th Precinct public security forces are the current banner-carrying unit in the movement for progressive competition in the public security sector of Ho Chi Minh City.

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CSO: 4209/648

MILITARY AFFAIRS AND PUBLIC SECURITY

HO CHI MINH CITY, HANOI INTENSIFY MARKET MANAGEMENT

Hanoi NHAN DAN in Vietnamese 28 Sep 85 pp 1, 4

[Unattributed article: "Implementing Resolution Eight, Ho Chi Minh City and Hanoi Strengthen Market Management, Resolutely Punish Speculators, Smugglers"]

[Text] During the past few days, Ho Chi Minh City has conducted active market management and resolute punishment of speculators and smugglers. Socialist trade has risen to strong activity, especially in the expansion of grain and food sales points and in efforts to maintain prices and price management. The business volume of state-operated trade and marketing cooperatives in many precincts has shown a fair increase. Communist Youth Unions in the subwards, villages and markets have organized many assault youth teams to participate in market management.

During the past week, the municipal market management sector discovered nearly a hundred cases of speculation. In the 6th Precinct alone, more than 50 cases were discovered. A fairly large amount of hoarded and speculation goods, accumulated before the currency exchange, was confiscated. More than 10 of the individuals involved in speculation and price raising to disrupt the market have entered prison or received suspended sentences. A number of the state-operated trade units and cooperatives violating price discipline, suppressing goods sales and slipping goods to confederates have been dealt with severely. The people's courts of the 10th Precinct and Phu Nhuan Ward sentenced eight members of currency exchange points 628 and 355 to from 8 to 30 months in prison for violating currency exchange regulations.

In Hanoi, the municipal industrial-commercial tax sector has intensified the inspection and control of individual commercial activities, contributing toward price management and market stabilization. One of the missions upon which the sector concentrates supervision is to guide and control the achievement of price posting (in accordance with prices prior to the currency exchange) and sales at precisely the posted prices, especially for those goods essential to the everyday lives of the cadres, workers and civil servants. The sector has delegated additional skilled professional cadres to coordinate with the public security, financial and commerce sectors to regularly work in the key circulation and trade locations of the four inner city precincts, in Son Tay City, in the district seats of rural Hanoi and in the major markets at communications junctions; to strictly implement the city's position on opening the gates and limiting inspection to facilitate the delivery of food, vegetables, fruit and industrial goods into the city for sale by the people of nearby provinces.

The tax collection and market management cadres of Ba Dinh, Hoan Kiem, Hai Ba Trung and Dong Da wards, Son Tay City and the districts of Tu Liem and Gia Lam have gone directly to the markets to control the sale of goods by those engaged in private industrial trade. Any private merchant arbitrarily raising sales prices is fined or has his goods confiscated, his license revoked, his business closed, etc. Industrial trade operators who took advantage of the recent currency exchange transitional period to raise the prices of pork, fish and rice and repair service charges by one and one-half to two times the level prior to currency exchange and intentionally became involved in transactions between the old and new money in order to make a high profit must readjust their business income to change the level of taxes they must pay for September.

Along with the inspection and management of sales prices, the tax sector has promoted the inspection of private temporary businesses and has confiscated a number of goods covered by state regulations against sales by private merchants.

In the major markets such as Dong Xuan, Bac Qua, Hang Da and 19-12 (in Hoan Kiem Ward), Hom, Truong Dinh and Mo (in Hai Ba Trung), and O Cho Dua and Kim Lien (in Dong Da), thanks to the regular and overlapping inspections, many violations of sanitation and price regulations and principles were discovered and prosecuted. More than a thousand market management cadres divided into many teams operated continuously on the major routes of communications and in the major markets and sales points to handle more than 3,000 cases of unwillingness to post prices, selling in excess of stipulated prices, and involvement in raising the prices of grain, food and beverages. Many state-operated and collective stores not strictly complying with the price regulations of the city have been reminded and promptly prosecuted such as: Ngo Thi Nham Grain Store 5 raising the price of rice from 37 to 40 dong per kilogram (old money), the Dong Xuan Food Store increasing the price of ocean fish from 120 to 140 dong per kilogram, the Phan Chu Trinh Subward marketing cooperative, etc.

Hoai Duc District has shifted an additional 93 private pork merchants to agricultural and small industry and handicrafts production; and in the district at the present time, state-operated commerce and marketing cooperatives control this product. Recently, Ba Dinh Ward and the districts of Tu Liem, Hoai Duc and Gia Lam have conducted fairly strong market management. Hoan Kiem Ward, closely connecting transformation with relatively good market management, has opened additional stores conducting cooperative business between the state and major and medium-level businessmen in woven cloth, plastic sandals and metal consumer products in the markets of Dong Xuan and Bac Qua.

Localities are actively using every struggle method to manage prices, maintain price levels, manage the market and resolutely resist speculators with the purpose of developing production, stabilizing the lives of workers, civil servants, laboring people and the armed forces, and assisting in shifting to the new mechanism of socialist economic accounting and business practices.

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CSO: 4209/76

INTERNATIONAL RELATIONS, TRADE, AND AID

ARMY PAPER COMMENTS ON LONDON TRIAL OF SOLDIERS

OW061043 Hanoi Domestic Service in Vietnamese 1100 GMT 5 Nov 85

[Text] In its current events column, today's QUAN DOI NHAN DAN carried the following story of a judge becoming a defendant:

On 28 October, seven British soldiers working at the Royal Air Force's signal and liaison center in Cyprus were brought before the London Court. The presiding judge declared that these men had been convicted of spying for the Soviet Union and betraying their country.

[Peyney], 26, one of the seven soldiers admitted his guilt before the court as follows: We had been repeatedly interrogated under extremely powerful lights, threatened, and tortured. Our heads and arms had to carry heavy weights. We were interrogated as in a brainwashing session and forced to admit all kinds of crimes, including the crime of provoking World War I.

The fifth, sixth, and seventh soldiers made the same statement as (Peyney) before the court. They said calmly and firmly: Our crime was nothing but our participation in funny games to kill boring time in Cyprus.

Finally, lacking concrete evidence, the court had to release the seven British soldiers.

The trial ended after wasting as many as 119 days and cost nearly 5 million pound sterling. In this trial, it turned out that the most shamed defendant was the British administration, that is, the government of Mrs Thatcher, and the Royal Army, as commented AFP.

The trial was held to purposely create an atmosphere of confrontation and opposition to the Soviet Union, but it turned into a laughing stock for the world.

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CSO: 4209/92

## INTERNATIONAL RELATIONS, TRADE, AND AID

### PHU KHANH, KAMPUCHEAN STUNG TRENG ECONOMIC CONSTRUCTION

Hanoi NHAN DAN in Vietnamese 28 Sep 85 p 2

[Article by Ha Nam: "Phu Khanh and Stung Treng Cooperate in Economic Construction"]

[Text] In the 6 years since Kampuchea escaped the oppressive yoke of the Pol Pot executioners, the willing assistance and cooperation in a spirit of comradeship and brotherhood between the two provinces of Phu Khanh and Stung Treng have increasingly and totally developed. Stung Treng is a large province in northeastern Kampuchea that was liberated relatively early (on 4 January 1979). The consequences of the genocidal regime were truly severe. Because tens of thousands of people were murdered, the economy had to begin from practically zero. During that period, Phu Khanh had a poor harvest and the economic situation was difficult but it still saved each grain of rice, catty of salt and medicine pill to send its friend nearly 1,000 kilometers away over a difficult route. Public health cadres from Phu Khanh joined the friends' cadres in visiting each remote village and hamlet to treat illnesses and issue lifesaving medicines to thousands of weak and ailing people; and assisted to restore the public health network. Each agency and sector of Phu Khanh considers the task of assisting the friend's province as their own responsibility and honor. In September of 1984 when flooding caused heavy damage in Stung Treng, Phu Khanh swiftly dispatched a delegation headed by the Vice Chairman of the Provincial People's Committee to the heavily damaged villages to visit and present 10 tons of rice seed and medicines to the people of the flood ravaged area.

Following the overall rate of revival of the country, the lives of the people in Stung Treng are becoming increasingly stable. Since 1983, the relationship between the two provinces has taken a new step: economic cooperation. A province with rich natural resources and strengths in forestry and marine products, Stung Treng has the conditions necessary for developing a diversified economy. During the 2 years of 1983 and 1984, Phu Khanh sent Stung Treng 15 technical specialists from the statistics, planning, electric power, construction, communications and transportation, agricultural, industrial, forestry, water conservancy, marine products and cultural and information sectors, and 164 construction workers while simultaneously assisting in the training of 13 elementary level technical cadres in dentistry, construction design, vehicle repair, wired radio broadcasting and sawmill operation. During the past 2 years, with the direct assistance of Phu Khanh, Stung Treng has placed in use seven construction projects with a total area of 14,500 square meters consisting of hospitals, theaters, granaries and work structures. An iron bridge 38

meters long across the Se Khong River was turned over to the friends by the Phu Khanh Communications and Transportation Service ahead of schedule after 40 days of urgent construction under difficult conditions. Survey and formulation of the economic development projects of Stung Treng in the years to come will also have the important contribution of the economic and scientific and technical cadres of Phu Khanh. During the past 2 years in implementing commodity exchange contracts, Phu Khanh has shipped the friends cement, iron, electrical appliances and construction materials worth 1.4 million dong (in old currency). Conversely, Stung Treng has begun an initial exchange in a number of agricultural products with Phu Khanh. The total value of goods exchanged between the two provinces during 1985 will reach 12.79 million dong (in old currency).

This year, nearly 20 cooperative projects between the two provinces are being developed and completed to support the economic development of Stung Treng.

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CSO: 4209/76

INTERNATIONAL RELATIONS, TRADE, AND AID

BRIEFS

**ENVOY DENOUNCES APARTHEID**--On 31 October, the 40th UN General Assembly session ended its debate on apartheid, issuing an appeal calling for efficient measures to completely eradicate racism, colonialism, and segregationist policy in South Africa. This was an issue discussed in many sessions, with most participants expressing their views. Addressing the session on the afternoon of 29 October, Ambassador Le Kim Chung, acting head of our country's permanent mission at the United Nations, vehemently condemned the apartheid policy of the racist South African Government and pointed out that the abominable apartheid regime has sought by all means possible to deceive the South African people and the world public with so-called social reforms. He denounced apartheid as a crime against mankind. [Text] [Hanoi Domestic Service in Vietnamese 1100 GMT 2 Nov 85]

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CSO: 4209/92

## PARTY ACTIVITIES AND GOVERNMENT

### PARTY DEVELOPMENT TASK IN HANOI PROGRESSES

BK141304 Hanoi NHAN DAN in Vietnamese 5 Nov 85 p 3

[Text] Since the beginning of the year, the party development task in Hanoi has progressed well. The party committees of 16 precincts, districts, and towns have made the recruiting of party members into a pattern and have formulated a plan to regularly guide the monthly recruitment of party members. Many basic party organizations have realized the need to link the party development task with the implementation of political duties and the formulation of cadres training plans. The party committees in precincts have held symposiums in various areas--schools, administrative and professional agencies, factories, handicrafts and artisan industry cooperatives--to help basic party organizations overcome problems in parog development. At the same time, they have also conducted control tours in accordance with directive No. 49 of the Party Central Committee Secretariat on the enhancement of the militancy and leadership of basic party organizations in state-run economic units and on the improvement of working regulations of various party committees and chapters. The organization section of the municipal party committee together with the party committees of Dong Da, Hoan Kiem, and Hai Ba Trung precincts have conducted control and guidance tours of more than 50 basic party organizations in the industrial and construction sectors to accelerate the recruitment of new party members from among those workers who are directly engaged in production. The party committees of Me Linh, Soc Son, Cia Lam, and Dong Anh districts, and of Dong Da, Hoan Kien, and Hai Ba Trung precincts have conducted short-term classes to provide guidance in the scope and procedures of recruiting new party members for the secretaries of party chapters and party chapter echelons who are in charge of fostering would-be members for basic party organizations. Many party committee echelons have been able to set up the pattern for monthly reviewing the recruitment of new party members.

In the past nine months, the Municipal Party Organization have recruited more than 3,000 new members, an increase of two percent over the same period last year. Of this figure, 52.7 percent are Ho Chi Minh Communist Youth Union members and nearly one third are workers directly engaged in production. Some party organizations have achieved good percentages in recruiting new members from among workers: 49.8 percent in Dong Anh District, 42.4 percent in Hai Ba Trung precinct, 37 percent in Hoan Kiem precinct, and 35.5 percent in Dong Da precinct.

However, it has been noted that 47.8 percent of the basic party organizations in Hanoi have not recruited any new members since the beginning of the year.

PARTY ACTIVITIES AND GOVERNMENT

PARTY ORGANIZATION CONFERS MORE POWERS TO ENTERPRISE DIRECTORS

Hanoi NHAN DAN in Vietnamese 20 Sep 85 pp 1, 4

/Article: "Experience From Below; Standing Committee of Hai Hung Party Organization Gives More Powers and Responsibilities to Enterprise Directors"/

/Text/ Carrying out the resolution of the Eighth Plenum of the CPV Central Committee, state-operated enterprises locally located have carried wages and other material expenses into the computation of product cost. Evaluating the move, the standing committee of the Hai Hung party organization commented: "That is a correct approach. Retail prices are determined on the basis of compensating production expenses, and all enterprises can get credit for their payment of price subsidies and still make a profit 8 to 12 percent. Production is increasing compared with the same period last year and products are being normally consumed. Retail prices of some products are even lower than in the free market."

At present, major problems are still the shortage of raw materials and capital, and the lack of an institutional structure that can implement the real autonomy of enterprise directors.

Within the scope of its authority, the standing committee of the Hai Hung party organization recently issued a decision "expanding the powers and responsibilities of enterprise directors," including state-operated enterprises locally located, stations, farms and corporations in district and city areas, "in the spirit of industriousness, resourcefulness, collective ownership and high efficiency."

According to the decision, enterprise directors have the authority, in conformance with state plans, to tailor their production and business activities in the most rational and efficient manner. Most important standards are value of product output, essential products, and profit. Whenever faced with difficulties and impediments, the enterprise director may recommend corrective measures directly to the higher echelon. If the latter fails to respond, the enterprise director may skip it and go to the next higher agency for help.

Enterprise directors have the authority to hire cadres, workers and laborers under contract to work in the enterprise in conformance with regulations contained in the approved plan, and hold total responsibility for the background

and professional skills of the hired personnel. They may decline to accept any worker whose qualifications are not in line with the needs of their production and business. The number of workers not directly involved in production may equal 8 to 12 percent of those directly workers involved in production; if the former exceed this ratio, the enterprise may not be allowed additional wages, and if it is below this ratio, the enterprise may be allowed 100 percent of the minimum wage.

The enterprise director is vested with the authority to discipline cadres and workers placed under his administration, including forced resignation (after due review by the enterprise disciplinary council).

The enterprise director has the power to raise wage steps for his workers after verification of professional skills per current statutes; to raise the pay of cadres and employees up to engineer step 2 or a similar position; to nominate cadres up to workshop supervisor and bureau chief, with the exception of the finance bureau chief or chief accountant, who must be approved by the next higher echelon or by the next higher line organization, per determination of the provincial party organization. In addition to their principal wages, workshop supervisors and bureau chiefs have also the right to bonuses based upon their duty performance. Those bonuses run from 10 to 20 percent of basic wages.

Upon completion of its plan, including the production plan and the profit remitting plan, the enterprise director is allowed to use the award fund to reward meritorious workers and individuals who have contributed to the completion of the enterprise plan. The enterprise director may double or triple the standard bonus level for a worker in the enterprise.

If the plan is not completed in 1 year, he may not give awards; if the plan is not completed 2 years in a row, the enterprise director must be dismissed.

The standing committee of the Hai Hung party organization has also instructed the provincial people's committee, leading departments, and people's committees of districts and cities to properly discharge their management responsibilities in accordance with their administrative and economic functions, and to interfere in tasks directly within the missions and powers of enterprise directors. Party organizations at the base units, mass organizations in enterprises must perform their leadership functions well, control enterprise directors' performances, develop the right to collective ownership of workers, and properly implement the new management structure.

The Hai Hung provincial people's committee, carrying out the party organization's policy, has issued determinations pertaining to powers and responsibilities of enterprise directors and of related levels and sectors, and other implementation measures which became effective in September 1985.

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CSO: 4209/56

PARTY ACTIVITIES AND GOVERNMENT

OFFICIAL ON INSPECTION COMMISSION ACTIVITIES

BK050639 Hanoi Domestic Service in Vietnamese 2300 GMT 4 Nov 85

[Text] On 4 November, the State Inspection Commission and the party Central Committee Propaganda and Training Department held a press conference on the occasion of the 40th anniversary of the establishment of the special inspection board, which is now the inspection sector. Comrade Truong The Cuu, vice chairman of the State Inspection Commission, pointed out the activities, development, and maturity of the inspection sector over the past 40 years.

Since the day President Ho Chi Minh signed the decree establishing the special inspection board—23 November 1945—various inspection forces have constantly been strengthened and developed. From a special inspection board with a handful of cadres and a small scope of operation, the inspection organization has now become a deep and broad network from the central to grass-root levels.

The inspection forces have stepped up activities in almost all fields--economic, political, social, and national security and defense. By carrying out extensive, regular, and on-the-spot inspection, control, and carrying out extensive, regular, and on-the-spot inspection, control, and supervision, all professional and people's inspection forces have promptly discovered the advantages and positive factors of various units, sectors, and echelons for dissemination and pointed out their shortcomings and mistakes for prevention and correction, thus effectively supporting the leadership of the party and state and all party committee and administrative echelons and sectors over the implementation of all important tasks in each revolutionary stage.

In the days ahead, these forces will exert still greater efforts to strengthen the inspection network, step up activities, and increase inspection efficiency.

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CSO: 4209/92

PARTY ACTIVITIES AND GOVERNMENT

VO VAN KIET ADDRESSES SPORTS COMMITTEE

BK050545 Hanoi Domestic Service in Vietnamese 2300 GMT 4 Nov 85

[Text] The Steering Committee for the First National Sports and Physical Education Festival met in Hanoi on the morning of 4 November under the chairmanship of Comrade Vo Van Kiet, member of the party Central Committee Political Bureau, vice chairman of the Council of Ministers, and head of the Steering Committee, to review the task of organizing the 1985 First National Sports and Physical Education Festival.

Comrade Ta Quang Chien, Director of the Physical Education and Sports General Department and deputy head of the steering committee for the festival, read a roundup report. Addressing the conference, Comrade Vo Van Kiet said: The physical education and sports promotion movement and the national sports and physical education festival are a general rehearsal and an important general survey of physical education and sports activities. Despite the fact that our country is still beset with difficulties, we must attach great importance to the results of the physical education and sports movement and festival. Therefore, we must review these activities in a diversified and comprehensive fashion and must find out lessons of experience and the prospects and new factors of the movement. We must hold consultations with those sectors and localities participating in the organization of these activities and must encourage new factors to be scrupulous in implementing various policies.

All physical education and sports cadres from the central down to the grass-roots levels must continue to develop the achievements of the movement and to uphold their sense of responsibility in the face of the ever-growing physical education and sports requirements of our country's revolution.

As for sports, we must carefully review those events with high records and must select talented persons for the right events. This is to make proper investments to quickly upgrade our country's sports activities to the standard level.

It is necessary to quickly plan and set guidelines for the second National Sports and Physical Education Festival. As an immediate task, we must make sure that the experience learned from the physical education and sports movement and the First National Sports and Physical Education Festival be satisfactorily exploited in organizing the 1987 Phu Dong national sports games.

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CSO: 4209/92

PARTY ACTIVITIES AND GOVERNMENT

BRIEFS

GRAIN DELIVERY--According to the Ministry of Food, as of 25 October, Dong Thap and Phu Khanh Provinces had exceeded their planned norms for grain procurement in 1985. On 9 November, the chairman of the Council of Ministers sent a message warmly commending the cadres and people of these two provinces for having struggled actively to exceed their grain procurement targets. The chairman expressed the hope that the people of the two provinces would try to economize on grain consumption so as to sell more surplus grain to the state, thus joining their compatriots throughout the country in solving the grain problem caused by typhoons and floods. [Text] [Hanoi Domestic Service in Vietnamese 2300 GMT 11 Nov 85 BK]

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CSO: 4209/97

ECONOMIC PLANNING, TRADE, AND FINANCE

WAGE PAYMENT IN KIND, CASH DISCUSSED

Hanoi NHAN DAN in Vietnamese 18 Sep 85 pp 3, 4

/Article by Le Trong and Dong Xuan Vinh, M.A., from the School of Economics and Planning: "Comments on Wage Levels and Wage Payment for Members of Agricultural Cooperatives"/

/Text/ Studying the resolution of the party Eighth Plenum (Session V), we have seen that one of the urgent tasks that affects the computation of cost, the determination of purchasing prices for agricultural and other products, and profit accounting in the framework of economic accounting that aims at completely eradicating bureaucratic and overbearing styles, is the determination of wage levels (value of a workday) and the form of wage payment for members and cadres of agricultural cooperatives and production collectives as a certain comrade has ably discussed in this very economic forum.

About Wage Level Determination:

As we perceive it, wages are in the first place, an element in the production and reproduction processes. As regards wages in agricultural cooperatives, because of their peculiarities in their form of collective ownership and their differences in production and business management methods, production results also differ. Consequently, although each cooperative complies with the rule of distribution according to labor, of necessity, remuneration for a workday (with similar demands on labor) will not be the same. Naturally, these discrepancies will be gradually eliminated through emulation between cooperatives in developing their strengths and overcoming their weaknesses, and with the support of the state of the dictatorship of the proletariat through appropriate economic policies for all cooperatives in general and for those cooperatives with weak production and management structures in particular.

However, it is necessary to determine an appropriate remuneration level for a workday (a workday equals a man working 8 hours a day) in order to get a basis for the computation of product cost and for the determination of purchasing prices for agricultural and other products for all cooperatives in general.

Since the very start of the collectivization of agriculture in the 1960's, the state has determined the value of a workday (an 8-hour workday scored 10 points) at 1 dong. At that time, 1 dong could buy 4 kg of paddy. But usually the

cooperative did not pay entirely in cash and at best paid 2 kg of paddy and .5 dong. Basically, with inkind and incash payments equaling 1 dong, a worker could support himself and also support his dependents, and labor could be used in reproduction.

Carrying out the resolution of the Eighth Plenum, some localities of the Bac Bo delta such as Hai Hung have set the price of paddy at 25 dong the kilogram, therefore, to allow the wage payment of a workday to buy 4 kg of paddy (per the 1960's level), the value of a workday must be 100 dong.

But facts also show that for several years, most cooperatives have been able to achieve a workday value of only approximately .7 dong (computed per 1970 fixed prices). Certain cooperatives (such as the Quang Ba, Hanoi cooperative) indeed did achieve approximately 2.9 dong, while others reached only .3 to .4 dong per workday.

In our existing economic conditions, labor output is still low in general. Consequently, living conditions of cadres, workers and cooperative members cannot be improved as yet. On the other hand, it is the intention of the state to remunerate cadres, workers and employees on the basis of 2,000 calories per day for an individual with minimum wage level. Therefore, our first recommendation is the appropriate remuneration for a workday (commensurate with labor standards and work classification) in a cooperative must allow the purchasing of 3 kg of paddy valued at 75 dong. With this payment, the worker could be allotted or could buy 2 kg of paddy for food, and the meager balance of 25 dong would be used to buy other staple commodities to eat and support 1 to 1.5 dependents. This payment would basically ensure the bare minimum expenses in order to use labor in reproduction. Naturally, this workday value will change according to paddy price fluctuations and will serve as a basis for planning workday values and product cost in the immediate future. In cooperatives with different production and business management conditions, the workday value can obviously be more or less. In addition, income generated from secondary production activities done by the cooperative member's family will provide support during nonworking days and for other essential expenses to ensure labor reproduction.

In the present conditions of the family economy of many cooperatives, income from the collective economy area tends to decrease (which is not good) while income from "secondary economy" sources tends to increase (which is to be encouraged). This is a reality that must be accepted in present economic and social conditions. Because of the declining income of the collective economy, confidence of cooperative members vis-a-vis the collective economy erodes and hence, collectivization of agriculture cannot be strengthened.

This situation derives from many causes, including primarily bureaucratic and overbearing styles. Therefore, cooperatives must eradicate the latter and also solidly establish and boost production and business activities based on thorough planning and economic accounting. They must ensure that the value of the workday be continually raised on the basis of steadily increasing labor productivity, reducing labor attrition to less than 10 mandays for the production of 1 quintal of paddy (equal to 10 workdays) in order that the value of

the workday increases from 30 percent (equal to 75 dong or 3 kg of paddy per workday) to approximately 40 percent (equal to 100 dong or 4 kg of paddy per workday) of the total value of gross output.

Experience learned from cooperatives in the north shows that only when the workday value guarantees reproduction and steadily increases to assure reproduction with expanded labor does the worker feel closely attached to the collective economy and in these conditions alone, can agricultural collectivization be strengthened and geared toward large-scale production in the socialist style. Short of that premise, the collectivization process will weaken, as affirmed by many economists: "Labor organization and remuneration is a matter of life and death for the collectivization process." Therefore, it is our belief that we must rationally set a remuneration level for the workday in order to ensure labor reproduction and, on the other hand, we must instate many measures to strengthen cooperatives, focusing on a steady development of the collective economy based on planning and economic accounting, and on the resolute eradication of bureaucratic and overbearing styles as stipulated by the party resolution of the Eighth Plenum.

#### About Forms of Remuneration For Cooperative Members:

Do we need to change the payment of wages for cooperative members from primarily in kind into totally in cash as suggested by a comrade?

This issue has been tested in a moderately accurate manner. In the early 1970's, some economic cadres believed that our agricultural economy had not been transformed into a commodity economy because cooperatives still mainly paid their members in kind. They then recommended that cooperative members be paid totally in cash and that food be distributed by fixed quantities. This recommendation was tested in some cooperatives in 1973 and 1974, and because of untruthful reports to higher echelons, the practice was widespread on a large scale in the years 1976-1980 and caused pretty great losses for the collective economy.

Scrutinizing the issue, in the first place, we must accept that cooperatives primarily pay their members with food for inkind payment. The latter averages approximately 60 percent of the total food output. Naturally, this ratio differs from cooperative to cooperative depending upon the importance of food production in their whole array of production activities. As an example, if the cooperative's major production is tea, sugar cane, jute, peanuts, coffee, vegetables, or forest products, and its food production is secondary or designed primarily to support its internal consumption, the food ratio used in wage payment may attain approximately 90 percent. In other cooperatives, the amount of food used in the payment of the workday value occupies a very low percentage because wages are primarily paid in cash. Therefore, if this amount of food products is not used in the payment of wages for cooperative members who would then use existing means in each family to store it, it must be handled by the cooperative, which has to make available more silos, drying yards, warehouse cadres and selling operations when required. Facts show that in the years 1975-1980, due to the shortage of silos, drying yards and good management cadres, many cooperatives allowed quite large quantities of paddy to spoil or lost it through corruption and waste. Or, if the cooperative sells the paddy to the state,

whenever the need arises, cooperative members must buy it back like any state cadre, worker and employee. Consequently, not only does the state superfluously need a substantial amount of cash to pay cooperatives, it must also make available more silos, more transportation for shipping and receiving and hence, more staff to handle the additional work.

Now, if we try to compute all those additional expenses (not including losses incurred by corruption and waste), we can see right away that the practice is noneconomic. Therefore, the suggestion to eliminate the inkind wage payment is inconsistent with the theory and the fundamental spirit of the resolution of the Eighth Plenum. The proposal may have stemmed from the absence of an all-embracing view of the peculiarities of agricultural cooperatives. It may also have resulted from failing to differentiate the obvious need of transferring the food stamp price subsidy to cadre wages, and the instatement of a unified retail price to eradicate bureaucratic and overbearing styles and to serve as basis for economic accounting, on the one hand, and, on the other, the necessity to retain the use of a fixed portion of inkind payment calculated on the basis of workday value that is paid directly to cooperative members for their daily consumption, and that has many distinct advantages.

To us, the form of wage payment partly in kind and partly in cash will undoubtedly be retained for quite some time. Naturally, cooperatives will strive to develop production, enhancing the agricultural and product output and raising the incash payment so that it will exceed the portion paid in kind. These efforts will be made in the framework of production specialization and centralization, and with a gradually higher labor output. This can be achieved only if cooperatives resolutely eradicate bureaucratic and overbearing attitudes, and totally change to economic accounting and socialist business as clearly stipulated in the resolution of the Eighth Plenum.

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CSO: 4209/56

ECONOMIC PLANNING, TRADE, AND FINANCE

UNIT SLUSH FUNDS CIRCUMVENT STATE REGULATIONS

Hanoi NHAN DAN in Vietnamese 30 Sep 85 p 2

[ 'Letters from Readers' Column: "Slush Funds" ]

[Text] There are many agencies and enterprises unwilling to link themselves to the financial system of the state. The recent phase of currency collection and exchange "exposed" an extremely large number of units with cash reserves far in excess of the cash fund levels sanctioned by banking agencies, some in excess by dozens of times the stipulated level. Included were many fund items, not simply the expenditure funds issued by banking sources or the logical business capital of economic organizations but various types of illegal funds flatly called "slush funds."

These agencies and enterprises have "broken the fence" in an attempt to easily make a living. These "slush funds" are all obtained from the profits made by enterprises in the buying and selling of materials and goods with the profits primarily made from favorable price differences. Some locations use their "slush fund" to purchase supplementary raw materials on the outside and use the technical equipment of the enterprise to carry out "plan three" in search of large profits.

To avoid state inspection and control, a number of units use these funds to buy goods for division among the cadres and workers as a reward for those helping to create the fund. Some units advance salaries by 2 or 3 months or allow the workers to borrow thousands of dong in order to reduce the cash fund reserves. Generally speaking, only a portion of the funds are divided among the cadres and workers in the unit with the largest portion falling into the pockets of those leading the illegal activities.

This type of "slush fund" not only spreads many negative occurrences within the state area but also abets the free market and allows cash to revolve outside banking agencies to create shortages of capital and false monetary tension that cause budget shortages. With this type of slush fund, it is also difficult to revamp planned management or establish rational systems for the concentrated and unified supervision of finance, monetary credit and commodity circulation.

Before the recent currency collection and exchange on 14 September, a number of agencies, factories and units dispersed these "slush funds" among their workers, civil servants and soldiers. After the phase of currency collection and exchange, many "slush funds" reconcentrated the dispersed cash and goods. We

suggest that the party and state severely punish violations of financial discipline. We are in the process of shifting strongly to socialist economic accounting and business practices and cannot allow these "slush funds" to return to life but must immediately repress them along with their accompanying "dishonest" ways of making a living.

Xuyen Diep  
Ministry of Finance

7300  
CSO: 4209/76

## ECONOMIC PLANNING, TRADE, AND FINANCE

## HANOI, HO CHI MINH CITY EMPHASIZE MARKET MANAGEMENT

Hanoi NHAN DAN in Vietnamese 1 Oct 85 pp 1, 4

[Unattributed article: "From Hanoi to Ho Chi Minh City, Struggle To Manage Market and Prices, Punish Hoarders and Speculators"]

[Text] In Hanoi

The capital of Hanoi during the past few days has instituted many active and positive methods of market and price management. The state-operated trade stores have made efforts to advance and to promote operations. Workers' inspection units have inspected 91 grain sales points, 26.4 percent of which were selling short of the fixed quantity by 1.5 to 3.2 percent (the permissible percentage is .5). The inspection units have submitted prosecution records on a number of grain stores such as 273B Bach Mai and Mo and Bao Khanh markets. Inspection of 98 food sales stands revealed 46 in violation. At the Tri Gang Food Store, a clerk used a strip of lead on the bottom of the scale tray to reduce the weight of each catty by 30 grams; the Van Ho store wrapped underweight monosodium glutamate; and in many stores, none of the bottles of fish sauce were full.

Hanoi has also resolutely punished speculators, hoarders and smugglers. Today, 30 September 1985, the People's Court of Hoan Kiem Ward is holding a trial to publicly prosecute Pham Huu Chi of Hang Trong Subward in Hoan Kiem Ward for commodity hoarding and speculation. For 3 years, Chi has followed the road of commodity speculation in search of dishonest profits. With a strategem of camouflage under the form of purchasing fabric and wool yarn to make and weave clothing for wholesale, retail and consignment sales, Chi splurged to buy out those types of goods under exclusive state business and unified management such as various types of fabric and wool clothing, wool scarves, wool hats, gloves, etc. aimed at speculative hoarding to later bring out and sell at a high price during cold weather and when schools reopened.

With this erroneous way of making a living, within a short period of time, not counting family living expenses, Pham Huu Chi made 500,000 dong in profit and purchased and hoarded many expensive commodities.

Prior to the days of state currency exchange, Chi also bought out a number of major goods worth more than 158,000 dong in the old banking currency consisting of wool, fabrics, clothing, etc.

Pham Huu Chi was sentenced to 18 months in prison and confiscation of all the property purchased with illegal profits along with a number of hoarded speculation commodities.

On the same day, the People's Court of Hoan Kiem Ward publicly tried Nguyen Van Hoa for dispersing a large amount of money before the currency exchange by buying out a large number of valuable commodities at the Ha Bac Economic Exposition and Fair with the purpose of speculative hoarding. Nguyen Van Hoa was given a 10-month suspended prison sentence, probation for 15 months, and confiscation of half of the goods hoarded for speculation.

#### Contraband Above the Ceiling

Ho Chi Minh City has coordinated with the market management forces and workers' inspection units in the city and nine precincts and districts--4, 6, 11, Go Vap, Phu Nhuan, Tan Binh, Hoc Mon, Binh Thanh, and Thu Duc--to inspect nearly 400 goods sales points in nine major markets in the city. The workers' inspection units have discovered, reported and fined on the spot many cases of inaccurate weighing and measuring and sales in excess of stipulated prices; while simultaneously praising nearly a hundred goods sales points for properly executing retail sales prices in accordance with regulations.

The city has also resolutely punished those buying up goods and engaged in speculation, hoarding, smuggling and spreading rumors.

According to the newspaper SAIGON GIAI PHONG, on the night of 13 September--night before the currency exchange order, on the streets and outside the shop, while those engaged in dishonest trade and cheating sales and those with unexplained money busily and noisily crowded each other to purchase goods, inside Building R7 on To Hien Thanh Street in Subward 20 of the 10th Precinct, there were unusual sounds of movement. Sounds of crowbars prying out nails. Sounds of breaking sheet metal. Sounds of hammers gently driving nails over and over again. The owner of the building was Chuong Van Cuong, also the owner of the privately operated My Hung facility located in Building 337 on Ly Thai To Street at the end of Subward 7 in the 10th Precinct. This location was also where he lived. When the state arrived to receive his declaration of goods and raw materials on hand, he calmly stated that he had only 600 kilograms of foam mattresses. Meanwhile, his facility had a contract with the State Joint Plastics Enterprise to sew cushion covers.

When the market management personnel of the 10th Precinct pointed toward the ceiling of his home which was made of American corrugated panels and asked to borrow his hammer to pry open one of the panels for a final inspection, he began to turn pale. The ceiling was 50 meters long and 4 meters wide and made of corrugated panels not just for beauty but to serve as his concealed "warehouse." Piled in there were 1,299 kilograms of new foam mattresses. Subsequently, the market management units also discovered the partitions of his home had two layers and were filled with white foam. That was 23 September 1985.

When invited to the state agency to answer questions on this matter, Cuong confessed that he had another warehouse. Similar to his building, the ceiling

of building R6 next to his contained another ton of white foam. These were goods that he had given to the owner to hide. It took 7 trucks and work from 1700 to 2300 to move the entire 3 tons of white foam to a state warehouse. Cuong was one of the hubs in purchasing and collecting foam mattresses from state stores through the hands of those who buy and sell them, hoard them, and then sell them at a speculative price to those who need them. In summary, the amount of foam discovered above was worth not less than 150,000 dong (new currency).

#### Hoarded Goods in the Water Tank and Dispersed

Nguyen Van Tao of 30 Tu Duc Street in Subward 8 of Phu Nhuan Ward is a clerk in a store in the 1st Precinct that buys and sells old things. It is only a screen allowing Tao to trade with fish in troubled waters. During the past few days, Tao came and went from the building continuously, each time carrying a basket, a bag or something in his arms. Tao converted the building into a "warehouse" containing many kinds of precious, scarce and expensive goods. The market management forces were informed by the people, came to inspect Tao's building and unpacked up to ten rattan containers. There were fine porcelain bowls, large porcelain bowls, electric rice pots, electronic watches, etc. for a total of 21 items.

These goods had been stored in the water tank and in the nooks and crannies of a divan. It is clear that Tao intended to rake in the money during the currency exchange.

Those engaged in a dishonest living are never so inexperienced as to hoard and store a large amount of goods in one location. They are dispersed to the maximum degree! That is probably the reason that in each location, the market management forces have only discovered an insignificant amount of illegal goods. The major speculators disperse everything to intermediate speculators by outright sales of hoarded goods. The intermediate speculators distribute the goods to buildings owned by family members or to their own structures.

Nguyen Xuan Thanh spent very little time in the one-story house at 115/71 Le Van Si Street in Subward 13 of Phu Nhuan Ward. By day, he went to another location to engage in business and only returned after dark to sleep. In fact, it was not only a place to sleep but also a "warehouse" containing surreptitiously acquired goods. On 20 September, a full-time market management team came to conduct an on-the-spot inspection and discovered more than 3 tons of 3 and 5 millimeter window glass. It took from the morning to the afternoon of 20 September to haul all these unregistered goods to a location for temporary storage. Throughout the day of 21 September, they inspected building 13 on Le Van Si Street, a location registered by Thanh as a business cutting glass on consignment and discovered another sheet of the glass. All of this glass had been purchased and hidden for sale later at cut-throat prices without registering it at all.

However, that was not the last "warehouse" of the Nguyen Xuan Thanh couple. On 21 September, based on a discovery of the people, another "warehouse" was exposed. Thanh's wife, Nguyen, had a private residence in Subward 24 of the 3d

Precinct. It was only a location for hoarding thick, large and valuable panes of glass. The total value of the glass in the three locations was more than 100,000 dong in new currency. The husband and wife figured that after the currency exchange, they would release the above stored glass and with no difficulties at all, recover their money and continue to make an illegal profit. However, they were unable to achieve their plot. Who knows what he will trade in next, bar none, when one knows that he previously dared to purchase a child of mixed blood for two gold ingots to establish false records for requesting departure from the country but was exposed.

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ECONOMIC PLANNING, TRADE, AND FINANCE

PRODUCTION COLLECTIVES ESTABLISHED IN SOUTH

BK041004 Hanoi Domestic Service in Vietnamese 0500 GMT 4 Nov 85

[Text] Continuing to enhance the quality and achieve the advance of agricultural production collectives, in the past 2 years the southern provinces have established 562 joint agricultural production collectives, including the 269 in An Giang and Dong Thap Provinces.

The joint production collectives have joined and associated with one another in their production and business, thus bringing about some economic results step by step and eliminating the one crop system. Owing to their coordination in improving the irrigation network and the soil in ricefields, planting new strains of rice seeds, and implementing technical regulations correctly, the rice yield has increased.

Many joint production collectives have helped one another build drying yards and warehouses and buy machinery, thus uniformly developing themselves. Some of them have further expanded their joint business and economic integration with industrial, trade, scientific, and technical units to mobilize the sources of assets, thus diversifying their economies.

Some 38 production collectives of the 6 joint collectives in Xuan Loc District, Dong Nai Province, have joined their business to buy 10 rice mills, thus ensuring the fulfillment not only of their own million needs but also the milling service in districts.

In many other localities with better conditions, the joint production collectives have associated themselves with the marketing cooperatives and credit cooperatives into economic agro-industry-trade models.

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CSO: 4209/92

AGRICULTURE

TRAN QUYNH'S ARTICLE ON AGRICULTURAL PRODUCTION

BK141013 Hanoi NHAN DAN in Vietnamese 15 Oct 85 pp 1, 4

[Article by Tran Quynh, vice chairman of the Council of Ministers: "On the Occasion of the World Food Day and in Celebration of the 40th Anniversary of the UN Food and Agriculture Organization, Let Us Achieve Even Greater Successes on the Grain Production and Agricultural Front"]

[Text] Ensuring grain and foodstuffs supplies for the people is a vital matter for each country and all the world. In view of this exceptional importance, on 16 October 1945 the UN Food and Agriculture Organization (FAO) was founded, and, to date, more than 150 countries and international organizations have joined this body.

FAO's activities consist of supplying information about the development of agriculture, forestry, and fishery around the world; providing essential technical services ranging from the appointment of specialists to the training of technical cadres; and granting emergency technical aid to help nations overcome unexpected difficulties caused by pests, drought, and floods. FAO also plays a key role in the distribution of the food aid funds of the World Food Program.... Through these activities, FAO has made positive contributions helping various countries, especially the developing countries, promote food and agricultural production.

However, owing to the fast growth of the world population, the world grain and foodstuffs problem has become increasingly acute and a number of developing countries have been hit by food shortages and seriously threatened by famine. For this reason, in response to the initiative of the Hungarian People's Republic, in 1981 FAO set 16 October--the date of its own founding--as the World Food Day to draw the attention of all people throughout the world to the necessity of working together to adopt measures--including the reduction of military expenditures--aimed at speeding up the development of agriculture, forestry, and fishery and satisfactorily meeting the people's demands for grain and foodstuffs.

In our country, throughout the past 40 years, under the party leadership grain and agricultural production (including forestry and fishery) has always been considered as the foremost front in economic building and development. Immediately after the success of the August revolution, President Ho Chi Minh set forth the duty of "wiping out famine" as one of the three most important

tasks, the other two being "wiping out illiteracy" and "wiping out the aggressors."

During the years of fierce and protracted fighting, in the face of untold difficulties our people never slackened their efforts on this foremost front. After the south was liberated and the country reunified, to carry out the socioeconomic strategy in the first stage of the socialist industrialization process, the resolutions of the fourth Fifth Party Congresses clearly pointed out:

On the basis of the full, rational and effective use of labor and land, we must vigorously expand various sectors and trades and concentrate our efforts on developing agriculture and advancing it one step further to large-scale socialist production in a structure that closely and correctly combines agriculture and the consumer goods industry. The main objectives are:

In accordance with the national programs and plans for production and distribution and distribution of products, the agricultural sector must satisfactorily fulfill three tasks: ensure food supply for all, provide raw agricultural materials for the consumer goods industry, and create an important source of exportable goods. The agricultural sector must use labor and land according to the methods of intensive cultivation, specialization, and combined business operations so as to develop crop planting, livestock raising, the processing industry, and various sectors and trades in the countryside. It must use a rational pattern of crop and livestock farming and a rational structure of trades to ensure that each hectare of land yields better economic returns and each sector or trade generates higher income.

We must step up the scientific and technological revolution in agriculture; actively build the material and technical bases; further modernize agriculture by carrying out water conservancy work, improving the soil, expanding the use of chemical fertilizer, applying the achievements of the "green revolution," and gradually achieving mechanization in such a way as to suit the conditions of each area; and develop the processing and preservation of products.

We must complete socialist transformation by using correct organizational forms and taking correct steps and must achieve the cooperativization of agriculture. We must establish and broaden direct socialist economic relations between the state and cooperatives, production collectives, and individual peasants; between agriculture and industry; and between the urban and rural areas.

We must use the districts as the basic area to achieve the three tasks mentioned above. We must actively build the districts by combining agriculture with industry; forestry and agriculture with industry; or fishery and agriculture with industry.

In carrying out the aforesaid tasks and orientations, we have had important successes. Grain production and agriculture have developed in virtually all parts of the country. The most outstanding achievement is that in the past four years (1981-85), the annual average grain output has increased by nearly one million metric tons, whereas the annual increment of the 1976-80 period

reached only about 200,00 metric tons. Thanks to this, while the population has grown by more than one million a year, per-capita grain output increased from 268 kg in 1970 to 300 kg in 1984.

Many localities have made marked progress in practicing intensive cultivation, applying new scientific-technological innovations, and carrying out economic incentive policies. Giving out product contracts to labor groups and laborers has proved to be the most effective current measure for enabling the working peasants to exercise their right to genuine collective mastery and for harmoniously combining the interests of the state with those of the collective and the laborers themselves. Product contracts have become a driving force accelerating the emulation movement to practice intensive cultivation, increase output, tend rice fields, apply scientific-technological innovations, and improve economic efficiency in production. There have emerged a number of models boasting of high yields ranging from 8 to 10 metric tons per hectare on large areas measuring tens of thousands of hectares. Thanks to all this, the annual average output of marketable grain has increased by one million metric tons.

Industrial crop acreage has increased steadily. The areas put under some important industrial crops such as soybeans, peanuts, sugarcane, jute, tobacco, tea, coffee, rubber, and so on have increased considerably. Livestock breeding has developed fairly satisfactorily, especially in the family sector. Poultry, hogs, and cattle have all increased in number. Regarding forestry and fishery, considerable progress has been made in afforestation as well as in forest restoration, preservation, and exploitation, and in the catching and raising of marine products in areas having different water conditions. These achievements stem chiefly from the untiring efforts of our people, but they are inseparable from the concern and great and effective assistance of the Soviet Union as well as from the assistance of fraternal socialist countries, other countries, and international organizations.

However, grain production in general is still unstable; it depends much on nature and is seriously threatened by natural calamities. Our tasks on the grain and agricultural production front remain heavy still. Land and labor must be put to better use. It is necessary to step up water conservancy to ensure irrigation and drainage on the entire cultivated area and, on this basis, increase the land usage coefficient to 1.5-1.7. Land having agricultural potential must be put to full use. Since our population is large and our agricultural land small, it is a grave crime toward present and future generations not to use land fully or to waste land. Scientific-technological innovations must be broadly applied to constantly improve the level of intensive cultivation and economize on materials, especially imported ones. It is necessary to finish at an early date the zoning of lands for cultivating grain and short- and long-term industrial crops.

To realistically respond to World Food Day and the 40th founding anniversary of FAO of which our country is a member, we must realize even more deeply the vital importance of the need to further accelerate grain and agricultural production, carry out in a fuller and more comprehensive manner the tasks and orientations concerning grain and agricultural production set forth in the

resolutions of the Fourth and Fifth Party Congresses and the various resolutions of the Party Central Committee, and initiate a mass movement to strive for new successes on the grain and agricultural production front with the immediate aim of satisfactorily overcoming the serious consequences of the recent waves of floods that repeatedly struck various parts of our country.

With regard to the FAO, we wish to maintain the good relations that have been established for over 10 years now. May these relations flourish further in the coming period.

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AGRICULTURE

BRIEFS

CATTLE PROTECTION—The early cold front has appeared at a time when northern localities have begun their winter-spring production, notably winter crop production. From this time on, buffalo and cattle have to work hard in cold weather, therefore, many of them, especially those engaged in field work, will die. Northern provinces, especially those recently hit by natural calamities, have published concrete measures to protect buffalo and cattle from cold, secure pastures, store fodder, and strive to protect them from epizootics. The agricultural sectors of the provinces and municipalities have instructed cooperatives to draw experiences from past seasons, and set out measures for protecting and raising buffalo and cattle in an appropriate manner. Cooperatives in the areas hit by floods and waterlogging have earmarked part of the arable land for growing plants to be used as animal fodder. The provincial agricultural sectors have also created favorable conditions and material-technical bases for cooperatives to expand their winter crops to increase fodder sources. In some areas, cooperatives have even earmarked 15-30 percent of animal feed for this crop as supplementary feed for buffalo and cattle which have to work hard.  
[Summary] [Hanoi Domestic Service in Vietnamese 1100 GMT 25 Oct 85 OW]

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## HEAVY INDUSTRY AND CONSTRUCTION

### PROSPECTS FOR OIL EXPLOITATION IN VIETNAM

Hanoi TIEN PHONG in Vietnamese 27 Aug-2 Sep 85 pp 11-12

[Editorial: "We Welcome the Oil Fairy"]

[Text] At dawn on May 27, 1984, young Vietnamese and Soviet workers embraced each other, lifting each other up, bursting with laughter and shouts which seemed to deafen the roaring noise of incoming waves against the cliffs. How couldn't they be elated when the long awaited moment has come: The oil is shooting up! From the oil drilling platform number 1, the good news reached inland at midnight.

That day, Comrade Riobov, a Soviet oil expert, a prudent and humble man, responded to a question of ours he had before evaded: Based on the probing methods, particularly on the blow-out pressure of the oil stream, this number 1 drilling could generate thousands of tons of oil per day for many years. The oil found here is similar as that in the Caspian Sea in the Soviet Union.

In the year and more that has passed by the Vietnam-Soviet Joint Commercial Petroleum Corp has made continual attempts at drilling into the Vung Tau ocean floor. The good news has come again today: Drills number 4 and 5 penetrated a group of oil pockets with reserves many times larger than those found before. And oil drilling platform number 1 is in its final stage in preparation for oil exploitation in Vietnam.

The Vung Tau POL harbor has been immersed these days in a laborious, urgent, and hectic atmosphere. "Do our best to exploit petroleum in commemoration of the 40th National Day of the Socialist Republic of Vietnam." This slogan has reflected the emotion and action of each Vietnamese and Soviet cadre and worker. These young workers' eyes are bright with joy.

Exactly 8 years ago, the Vung Tau POL port area was only a swamp crowded with mangrove trees. A number of experts from a capitalist country were requested to do research and to assist us in the construction of the oil harbor. They came up with a conclusion, "It will take 3 years and 20 million dollars to finish building just the port facilities!" Unable to rely on their investment, we decided to undertake the task ourselves. In the parching sun of summer middays and nights of heavy downpours hundreds of cadres and workers of the "18-3" Construction Enterprise, together with thousands of soldiers of the 318th Corps, plunged into the water digging out a 7-meter-thick layer of mud over an area of scores of hectares, setting up paneled breakwaters, pouring concrete, building the quay, etc. The whole project was completed within 24 months with a total expenditure much

less than that estimated by the capitalist experts. From this "launching platform," in late 1983, the Vietnam-Soviet Joint Commercial Petroleum Corp hauled oil rig number 1 offshore and then number 2 in April 1984, and today, there are three oil drilling platforms standing offshore.

We met with Comrades Le Ba Quan, Dang Van Vi, Dang Thai Tan, Ngoc Kim, Khac Vinh, who had been at the harbor from the beginning of construction. Signs of over-exposure to the sun and wind were etched on their features. Together with their Soviet friends, they were preparing to move the 4th oil rig offshore. Looking at the tubular steel supports, a man's height in diameter, for the 3000-ton oil drilling platform, looking at cranes with 1,000- and 1,500-ton lifting capacity, etc., we were filled with admiration for the young, brave, intelligence Vietnamese who, alongside the talented Soviet workers, have mastered that modern equipment.

Ms Nguyen Thi Hoang, an engineer graduated from a Soviet school, has been assigned to work here for 3 years. In a very serene voice of a typically "Hanoi accent," she said to us: "On offshore oil rigs, there is much more difficult work and hardships. But quite recently, young Vietnamese engineers and workers have become quite enthusiastic over being assigned to work here."

The oil rigs are located between 120 to 140 km from shore. After a 25-minute flight by helicopter, it is possible to see the vague white dots blended in with many whitecaps. On land, each oil rig looks as stately as a 10-story building, but in mid ocean, how diminutive and fragile it appears! Comrade Mamedov, the general director of the Vietnam-Soviet Joint Commercial Petroleum Corp once remarked: "The Caspian waves on a stormy day aren't as fierce as those along Vung Tau coastline on a nice morning." This is right on the mark. Many a day in Vung Tau waters, the wind velocity is up to 45 meters/second creating waves as high as 15 or 20 meters. Here, each worker's endurance against sun and wind must be as much as required of an ocean-going sailor. The oil drilling ship named Mikhail Dmitri functions like a ship without an undersea anchor. It uses an electronically dynamic anchor and propellor system at the four corners of the rig. The rig moves no more than 10 cm horizontally, but it bobs considerably. "In stormy weather," as described by two young workers Nguyen Dong Khue and Nguyen Dong Phan, "it is just like an uncontrollable horse going wild!"

Twelve hours a day for 3 consecutive weeks, Khue, Phan and their friends must remain on the 40-meter-high rigs. Working side by side with the Soviet friends, the young Vietnamese workers have rapidly matured. Nguyen Dong Khue for example, who was a class-2 welder, once knew very little Russian, has now become fluent, and has been promoted to a class-5 welder. Nguyen Hung, a 25-year-old [Youth Union] member, has become a driller whom Soviet experts can rely upon. Thirty-five-year-old Comrade Rakhin Ikhhalacoli, with 18 years working for the Petroleum Exploitation Corp in the Caspian Sea, made the following observation about the 40 young Vietnamese workers: "They are studious and intelligent. They could replace us in many tasks in the near future..." Rakhin has a deep attachment to Vietnam. Being assigned to work in Somalia in 1975, he was about to leave when his father fell sick. He decidedly put off his trip. When he was later chosen to go to Vietnam, he wasn't hesitant and was also urged by his father's advice: "My son, your departure means you may never see me again. But if it is for

Vietnam, you should go!" In the past 3 years, Rakhin has become attached to the young Viet workers, to the petroleum sector of Vietnam.

Recently, Chairman of the Council of Ministers Pham Van Dong paid a visit to Vung Tau. The chairman, in a voice touched with emotion, talked to the cadres, workers of the Vietnam-Soviet Joint Commercial Petroleum Corp : Even though we have to dive into the deep sea, to overcome a multitude of hardships, we ourselves must get there to open wide the door that has been tightly shut for millions of years, welcoming the "Oil Fairy" to our nation! What the Chairman of the Council of Ministers, as well as each of us, has wished for has been approaching. To celebrate our great national festival, we welcome "the Vietnamese Oil Fairy."

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HEAVY INDUSTRY AND CONSTRUCTION

BRIEFS

GEOLOGICAL TEAM SEEKS MINERALS—This year Geological Team Number 1 was given 49 mineral-prospecting jobs to do by the Geological General Department; it was supposed to carry out 18 of those tasks, complete 27 geological steps, and 4 research topics. To complete those tasks the team has focused on raising the quality of its prospections and its efficiency in finding the various minerals. Drawing from the experience of earlier samples which were not found to be of high quality, the team managed closely the whole process from synthetic analysis to experimentation and sample analysis, with the result that proportionally the vast majority of samples has been found to be of high quality. Through these samples, it has been determined that new signs pointing to the existence of tin ore in region N make clearer the possibility of original veins of gold among the antimony veins of region C; the minerals of the flooded area of the hydroelectric lake south of Hien River have also been determined. In particular, at Nam Kep more than 10 drillings to the required prospecting depth have been performed, thus opening the possibilities of assessing the mineral deposits in this area. Thanks to the higher quality and the increased efficiency of mineral prospection, the team has overfulfilled the planned norm for the first 6 months of 1985, reaching 103.1 percent of the product value. The hydrogeologic and geological prospection surveys at the 1/5000 scale that were projected for the whole year have been completed in 6 months. [Text] [Hanoi QUAN DOI NHAN DAN in Vietnamese 15 Aug 85 pp 1, 4] 1751/9738

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POPULATION, CUSTOMS, AND CULTURE

EDITORIAL URGES INCREASED EMPHASIS ON FAMILY PLANNING

Hanoi NHAN DAN in Vietnamese 28 Sep 85 p 1

[Editorial: "Family Planning, Reducing Rate of Population Growth"]

[Text] The annual population growth rate of our country at this time is 2.3 percent, an average increase each year of 1 to 1.5 million people, equivalent to the population of one province, and thus is still high. The rate of population increase is greater than that for production. The actual capability of our country's economy cannot withstand such an increase rate.

Although a few localities and basic units have slightly decreased the rate of population development, generally speaking, many locations, party committee echelons, administrations and mass organizations have not yet fully realized the important significance of this problem. The socio-economic development plans of many locations have not yet expressed calculations to balance with the population growth. In specific work, many locations still lack synchronized methods, have not well-coordinated forces, and lack regular pursuit, inspection and achievement supervision. Basic levels, especially in the rural area, do not have specific plans aimed at reducing the population growth rate. The mass organizations have not yet done well in education and have not established public opinion or a widespread mass movement of participation in the family planning campaign. In many locations, a situation still exists of underwriting this work to the public health sector at a time in which that sector still lacks the organization and forces in sufficient strength to answer the requirements of the campaign.

An extremely important mission of party committee and administrative echelons and mass organizations is to strengthen leadership in the campaign of family planning and population development reduction. With a concept of assuring the harmonious and balanced development of society and not allowing the population to spontaneously develop, it is necessary to promote propaganda and education and to assure depth for this strategically significant campaign. All families, most of all couples of childbearing age, must be caused to clearly understand the problem and to conscientiously and voluntarily apply methods of planned parenthood. Education of the population problem must be introduced to the official curricula of schools operated by the Ministry of Education, Ministry of Higher and Vocational Education and General Department for Vocational Training, and also as an educational theme in the school systems of the party, mass organizations and sectors, including the army. The issue of population education must also be raised in the regular activity sessions of women's, youth and trade union organizations and of party chapters. Party committee and administrative echelons at the primary level must have specific plans on balancing the

population with the economic and social plan and must organize good achievement of that plan. Sectors and localities, when promulgating social and economic positions, policies and stipulations, must give attention to avoiding articles inconsistent with the population policy and family planning. The public health sector must determinedly reserve expenditures to organize sufficient planned parenthood centers at the district level with progress toward organization of village complexes, and to have sufficient equipment and thoroughly trained cadres with a firm grasp of the basic techniques of contraception and sterilization. Scientific agencies must conduct urgent research to domestically produce contraceptive devices and drugs.

Under the leadership of party committee echelons and the supervision of the people's committees at all levels, the family planning campaign must be carried out in a regular and continuous manner in close conjunction with other tasks. Norms in reducing the population growth rate should be a part of the norms in the emulation theme of all localities and basic units.

The control of population growth and reduction of the rate of population growth to the level set forth by the Resolution of the Fifth Party Congress have become an urgent mission of the entire nation. This campaign demands an increase in the leadership and specific supervision of all party committee and administrative echelons and the firm coordination of all sectors and mass organizations and must become a general concern of all society and of each family.

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